

JPRS 80038

5 February 1982

# Near East/North Africa Report

No. 2482

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

5 February 1982

## NEAR EAST/NORTH AFRICA REPORT

No. 2482

## CONTENTS

## INTER-ARAB AFFAIRS

Abu 'Ammar Discusses Arab Tour, Status of Cause  
 (Yasir 'Arafat Interview; AL-RA'Y AL-'AMM, 12 Nov 81) ..... 1

## PERSIAN GULF AFFAIRS

Information Minister on Gulf Publications Law  
 (AKHBAR AL-KHALIJ, 25 Jan 82) ..... 12

## AFGHANISTAN

Development of Present Political, Military Impasse Reviewed  
 (Jean-Christophe Victor; LE MONDE, 22, 23, 24 Dec 81) ..... 13

Siege, Desolation of Qandahar Described  
 (Water H. Rueb; DIE WELT, 28 Dec 81) ..... 25

## EGYPT

Students Interviewed on Functions of Student Federations  
 (Rif'at Khalid; MAYU, 7 Dec 81) ..... 30

Strict New Rent Control Provisions Imposed  
 (AL-AHRAM, 12 Dec 81) ..... 33

## Briefs

Dismissal of Senior Official ..... 36  
 Insurance Officials Transferred ..... 36  
 New Wage Policy Demand ..... 36  
 Labor Party Man Surrenders ..... 37  
 Sawhaj Moslem Commander Seized ..... 37  
 Lax Company Employees Arrested ..... 37  
 Presidential Rest House Removed ..... 37

## IRAN

President, Premier Send New Year Messages to Christians  
 (ETTELA'AT, 3 Jan 82) ..... 38

Minister Reviews Overall Progress of Industry (Seyyed Mostafa Hashemi Interview; KEYHAN, 11 Jan 82).....	40
Government To Take Over Importing Medicines (Niknezhad Interview; KEYHAN, 11 Jan 82).....	43
Sunnites Said To Favor Revolution (KEYHAN, 11 Jan 82).....	45
TV Coverage of News Criticized Severely (ETTELA'AT, 22 Dec 81).....	48
<b>ISRAEL</b>	
Sharon Said Gaining Strength as Successor To Begin (Yoel Marcus; HA'ARETZ, 30 Oct 81).....	50
Economic, Ethnic Gaps Analyzed (Amnon Rubenstein; HA'ARETZ, 2 Nov 81).....	53
Briefs	
New Bedouin Settlements	56
<b>JORDAN</b>	
General Goals of 5-Year Plan Reviewed (Marwan a-Sharidah; AL-IQTISAD WA AL-A'MAL, Jul 81).....	57
Monetary Developments Discussed (Hisham Basat; AL-IQTISAD WA AL-A'MAL, Jun 81).....	60
Briefs	
Committee Forms New Department	68
<b>LIBYA</b>	
Bureaucratic Shakeup Predicted (8 DAYS, 16 Jan 82).....	69
Briefs	
Desert Wells Planned	70
Development in Sabha	70
<b>PEOPLES DEMOCRATIC REPUBLIC OF YEMEN</b>	
Leader Appreciates USSR Stance on UN Vote (Aden Domestic Service, 24 Jan 82).....	71
Briefs	
Agreement With ADN	72

**SAUDI ARABIA**

Role of SABIC in Country's Economic Development Described (Muhammad 'Abd al-Wahid; 'UKAZ, 21 Oct 81).....	73
Review of Rationale for Establishment of Saudi Stock Market (Hamid Hunaydi; 'UKAZ, 13 Oct 81).....	75
Domestic Market Conditions Help Dampen Inflation, Avoid Supply Problems (AL-RIYAD, 8 Nov 81).....	79
Decline in Domestic Inflation, by Nasir al-Qar'awi Stability of Local Market, by 'Ali Khalid al-Ghamidi	

**SUDAN**

Recent Unrest Analysed (John Dimsdale; 8 DAYS, 16 Jan 82).....	83
-------------------------------------------------------------------	----

INTER-ARAB AFFAIRS

ABU 'AMMAR DISCUSSES ARAB TOUR, STATUS OF CAUSE

Kuwait AL-RA'Y AL-'AMM in Arabic 12 Nov 81 p 18

[Interview with Yasir 'Arafat, Chairman of the PLO by Khalid Salam; in Beirut; date not specified: "The Purpose of My Arab Tour Is To Unify the Arab Position before the Most Serious Arab Summit of All Is Held"]

[Text] The Soviet initiative means that a giant is on our side.

The U.S.-Israeli strategic agreement is a warning for our nation to wake up.

Prince Fahd and I agreed that the reservations would be discussed at the Fez Summit.

A strong and lively memory and an astounding intuition are a few of the characteristics of the great Palestinian leader, Yasir 'Arafat, the chairman of the PLO Executive Committee and the general commander of the forces of the Palestinian Revolution. We had a somewhat earlier appointment with him, but the sensitivity of the stage and the difficulty of Arab and international conditions surrounding the Palestinian Revolution were weighing heavily on (al-Khatyar), increasing 'Arafat's Arab and international responsibilities and adding those on top of his Palestinian responsibilities. It was these conditions that led to the fact that we did not conduct this interview before Abu 'Ammar's Arab tour which included Saudi Arabia, Algeria, Tunisia and Libya.

Once again he set a date for us and we went to (al-Khatyar) accompanied by Brother Ziyad 'Abd-al-Fattah, director of the Palestinian News Agency, WAFA. We actually met Abu 'Ammar in his office, but once again the interview did not take place because he was exhausted. He set another date for us the following night, and we came back with hundreds of questions on our minds. It was almost 3 a.m., and we preferred to raise with 'Arafat only the outstanding questions of the hour, especially those that have a direct bearing on the Palestinian cause and the Palestinian Revolution. Were there matters more prominent than the eight points of Prince Fahd's plan, Palestinian-Soviet relations, the next Arab summit, military and political possibilities and South Lebanon? We were tired [in one sense] but [in another sense] we were not. It was in this dangerous situation that AL-RA'Y AL-'AMM had this interview with Yasir 'Arafat.

### The Dangers of the Strategic Agreement

[Question] The U.S.-Israeli agreement set a new climate in the area because the Middle East area is one of the areas of the world that is most affected by every significant change.

What in your judgment are the dangers of this agreement to the Palestinian Revolution regarding the ongoing struggle with the Israeli enemy?

[Answer] It must be said that the dangers to the Arab nation outnumber the dangers to the Palestinian people and the Palestinian Revolution. This is because the Palestinian Revolution has been facing this alliance which has [hitherto] been undeclared. We are being killed with U.S. airplanes; our children are being killed with U.S. bombs; and our women are being killed with U.S. guns. Our people and the Lebanese people are being slaughtered with the American war machine which is being used by the Zionist enemy. Our enemy is using the most modern U.S. tools of war including those weapons that are internationally banned. It is known now to all experts in the world that south Lebanon has been used as an experimental area for many modern U.S. weapons. The U.S.-Israeli strategic cooperation which has been announced is a threat directed to all our Arab nation. It's being said that Israel will be one of the centers for storing U.S. weapons and ammunition. Israel will no longer need the airlifts as was the case in the 1973 October war, for example. When the strategic cooperation agreement states that naval and air bases on the Israeli base which exists on our occupied Palestinian land would be used, this means that we must also take into account the possibility that U.S. bases in Arab lands, including those that are floating on Arab waters, may be used as bases for Israeli airplanes.

After the Iraqi nuclear reactor was bombed, Tischler, Begin's adviser said, "We have a long reach. Let everyone understand that we can reach all the oil fields and impose the price that we want." When such statements are made, we must take them into account. Israel's role has shifted from that of a superior role that has been used to the role of the United States' partner in the area. As Begin said, Ben Gurion dreamed about this ever since the state of Israeli aggression was established. We must take into account the fact that this threat is not a threat to future generations; it is not a threat to our children. This is a warning to our Arab nation to wake up. Enough sleep! The enemy is no longer knocking on the door; he has reached the bedroom. What is the matter with us? Do we have to wait until they throw us out of the bedroom? Do we wait until they take even more liberties than this? God is my witness I have delivered the message.

### The Contact Line with the United States Moved South

[Question] Brother Abu 'Ammar, this means that the direct contact line with the United States is now in south Lebanon, and this means that the Palestinian Revolution is in immediate danger, does it not?

[Answer] The live hot contact line is now in south Lebanon. Why in south Lebanon? It is even closer than that; it is here on the beach. Everyone

knows that the U.S. Sixth Fleet did not leave Lebanon's territorial waters during the 15 days' war. The ships of the fleet were seen from the roof tops of the high buildings nearby. Do you think the contentiousness of the Israeli navy on the shores of Lebanon is a sign of their courage? Part of this contentiousness by the Israeli navy is protected by the U.S. Sixth Fleet.

#### The Soviet Initiative Is a Message to the World

[Question] Brother Abu 'Ammar, did your visit to the Soviet Union and your meeting there with Chairman Brezhnev and then the Soviet initiative to upgrade the level of Palestinian diplomatic representation at the Kremlin to that of ambassador constitute a step to come up with a strategic response to the U.S.-Israeli strategic cooperation?

[Answer] We must state an important fact. I consider my recent visit to the Soviet Union to be the most important and the most successful visit I have made [to that country] ever since our relations with the friendly Soviet Union began. Chairman Brezhnev's initiative was not merely an act of upgrading diplomatic representation, it was also a message from a super-power, this great international giant which is befriending all the peoples of the world, that the Soviet Union was standing with the Palestinian people and supporting the right of the Palestinian people, including their right to return [to their homeland], determine their own destiny and establish their independent state on their land.

This too is what Comrade Brezhnev indicated in his talks with me, and this too was what was affirmed by the statement that was issued following the Palestinian-Soviet talks. But, as we said at the Steadfastness and Opposition Summit and in our discussions of this problem in particular, the U.S.-Israeli strategic alliance is a question that must be presented at the Arab summit. It is now on the agenda of the next Arab summit which will be held in Fez in Morocco. We do not believe some of the statements that have been made by a few Americans to placate the Arabs' anger. These were statements about the fact that the United States resorted to strategic cooperation [with Israel] to keep it calm and to contain it. We do not believe these justifications because they are deceptive. As I said, this is a serious matter that will be discussed by the Arab summit. The Arab summit will express an opinion on it; it will say where it stands; and it will say with whom we shall cooperate and how we shall do so.

#### We Are the Ones Concerned with the Confrontation

[Question] Can the new development in the relationship with the Soviet Union be considered a red line?

[Answer] There is an extremely important fact that must be known, and it is keeping us from saying many things. We do not want to burden our Soviet friends with the task of responding to the strategic alliance. This strategic alliance is directed at us first, and we are the ones who are concerned

with making a response to it. This is a very important matter, and we must not burden others with it. But when our friends find us fighting to defend ourselves, they will rush to our aid.

#### The Revolution Does not Know a Red Line

[Question] Brother Abu 'Ammar, in a strategic context can we say that there is a red line for the Palestinian Resistance?

[Answer] Any revolution that relies on a red line is not a revolution even though the truthful stance that our friends have taken beside us is dear to us. The red line for revolutions is always that of its red blood. Any support that comes to a revolution after that strengthens and supports it. When the time comes for the revolution to rely on this logic, the logic of red lines, it ceases to be a revolution.

[Question] One point of view states that the step taken by the Soviets placed the Palestinian Revolution on the Soviet strategic map. Consequently, it would no longer possible to disregard the revolution or to turn it into a secondary number in the struggle. [What do you think about that?]

[Answer] No, the step taken by the Soviets records the position of the Palestinian Revolution and the position of the PLO on the political map worldwide. This record of this position is made by the friendly Soviet giant. Naturally anyone who can place himself on the political map so forcefully will be able to place himself on the geographic map; it is a matter of time, will and sacrifices.

#### No Government at this Stage

[Question] But, Brother Abu 'Ammar, it is being thought that the declaration of this step is a prelude for announcing a Palestinian government in exile, [is that right]?

[Answer] No, this is not true. I answered this question more than once, and I said that a decision about an interim government is a decision that would be made by the Palestinian leadership. It will announce that decision when it feels that such a step would serve its cause and would give it a thrust forward. So far, this matter has not been considered.

#### The Tour Is To Be Completed

[Question] You came back from an Arab tour a few days ago. You went on that tour to form an Arab climate that would be suitable for convening the Arab summit. How did you find the Arab climate, and is the tour to be continued?

[Answer] This tour has not been completed yet. So far it has been confined to three countries only: Saudi Arabia, Algeria and Tunisia. In Libya we only stopped at the airport. The tour is to be continued before the next Arab summit conference is convened. This is a decision of the Palestinian

leadership, and it is part of Palestinian action to come up with a unified position to confront the challenges that are threatening the Arab nation.

#### The Most Dangerous of Arab Summits

[Question] Brother Abu 'Ammar, what are the limits of this matter?

[Answer] I do not want to talk about matters prematurely, but we consider the next summit conference to be one of the most serious Arab summits. It is a turning point in the history of our Arab nation. Therefore, one of our interim goals at the present time is [to determine] how we are to offer our humble Palestinian effort to make this conference succeed and to come out with a unified Arab position to confront the challenges.

[Question] Does this mean putting Arab differences aside at this stage? Is there a Palestinian effort to do that?

[Answer] This includes putting intra-Arab differences aside. The Palestinian Revolution has not suspended its efforts in this matter. We have always said that the wounded are the first to feel the wounds of others. In our struggle, we take action to heal the wounds of others. This is something known in the Palestinian Revolution.

[Question] Do you expect the next summit to achieve concrete results that go beyond minimum resolutions, or is there fear about the minimum resolutions themselves?

#### Everyone Is Preoccupied with His Own Concerns

[Answer] I told you that the next conference will be the most serious conference, and, therefore, I said that it will be a historical turning point. We are facing many challenges, and the questions that are pending are serious and extremely sensitive. In other words, it's a matter of life or death. Will our Arab nation be able to confront the challenge with a unified position, or will what happened to us at previous conferences, such as the 1969 Rabat Conference happen to us? We did not agree at that conference, and I still remember that with pain.

[Question] Does Abu 'Ammar find this climate and atmosphere to be similar to that which prevailed in 1969?

[Answer] Unfortunately, yes.

[Question] Can Brother Abu 'Ammar define this for us?

[Answer] We can define this by [citing] a line of verse: "Everyone is preoccupied with his own concerns."

#### Palestinian Presence in Lebanon

[Question] Does Abu 'Ammar expect Lebanon to bring up the matter of Palestinian presence [in Lebanon] at the next Arab summit?

[Answer] Lebanon will present a working paper at the start of the business of the next Arab summit conference. At any rate Palestinian presence in Lebanon is controlled by Arab agreements. I do not wish to say Lebanese-Palestinian agreements because these agreements were approved by the al-Ta'if, Baghdad and Tunis conferences.

[Question] But some people are saying that the summit conference is a suitable gathering for bringing up this question for discussion. Accordingly, the Lebanese working paper may be brought up directly through this matter.

[Answer] Any party has the right to bring up anything for discussion it wishes. Our concern is that there be no dispute between us and our Lebanese brothers. However, there are principles and fundamentals that we do not and will not abandon. Don't forget that we are the force that is fighting Israel at this difficult time. I do not think that our Lebanese brothers will bring up the subject of Palestinian presence [in Lebanon] when they know that we are facing this U.S.-Israeli opposition.

[Question] And what if the subject is brought up for discussion?

[Answer] Fine. We will take part in the discussion, and we will take into account our concern that there be no dispute whatsoever with our Lebanese brothers.

[Question] Does Brother Abu 'Ammar expect the next summit to adopt a unified Arab strategy regarding south Lebanon, especially since the given data are not reassuring?

[Answer] The next summit is supposed to adopt a unified strategy regarding south Lebanon, but I don't know so far what the Lebanese proposal in that regard will be. This primarily concerns the Lebanese brothers. Therefore, I find it difficult to answer your question accurately without anticipating events.

[Question] But it is being said that the Lebanese working paper has to do with a few matters and that the matter of Palestinian presence in Lebanon is one of them.

[Answer] Do you expect me to comment about what is being said? Can I build the policy of a nation, a policy that would affect the fraternal people of Lebanon and the Arab nation on what is being said? If we were to do that, we would be unfair to the cause. We deal with facts, figures and events. We deal with everything that confronts us, and we don't bury our heads in the sand.

I Did not Discuss Fahd's Plan in Moscow

[Question] Some media agencies reported news that you and Chairman Brezhnev discussed Prince Fahd's eight point plan. [Is that true?]

[Answer] No such discussion took place.

[Question] In some statements attributed to you, you said that the plan has positive points, but you did, nevertheless, indicate that you had observations on the plan. What do you say now?

[Answer] There is no doubt that I welcomed the plan and said that it constituted an important foundation for solving the Middle East problem. But we have reservations [about the plan], and I told His Highness Prince Fahd some of my reservations. If the plan is discussed at the next Arab summit, I will say what I think. This does not deny the fact that I consider it a positive plan. I welcomed it, and we agreed that we would not go into details until the matter is brought up officially at the Arab summit.

#### Suggestions, Not a Plan

[Question] Brother Abu 'Ammar, is it possible to consider the addenda to the eight point plan made by Prince Fahd and Prince Sa'ud al-Faysal principal articles of the plan, or will the text of the eight point plan which has been presented be the one that will be adopted?

[Answer] There is no doubt about that. I want to explain something to you. The eight points are not a plan, and they are not an initiative. They are rather a set of suggestions offered by Prince Fahd on behalf of the Kingdom of Saudi Arabia in the name of King Khalid. They were declared by Prince Fahd to the Arab nation so that Arab countries can discuss them and say what they think of them. The last thing that his highness the prince said to me was that these eight points were being presented to the Arab nation and to Arab leaders for discussion and for opinions.

[Question] Brother Abu 'Ammar, after your discussion with His Highness Prince Fahd, why was the present time chosen for proclaiming these suggestions?

[Answer] His Highness Prince Fahd proclaimed his eight points last July, but these suggestions did not get publicity in the world press until after the death of al-Sadat.

[Question] Can we say that al-Sadat's death put them in the limelight?

[Answer] No. I am not saying that the suggestions have captured the lime-light. The United States has not yet agreed to them; in fact it has not even given a signal that it would agree. Israel has rejected them absolutely. We are saying this so that we can be extremely precise. However, the suggestions did become prominent in the world after the major event that took place in Egypt, terminating one of the symbols of Camp David and accordingly Camp David [itself].

[Question] Will the recent addenda be incorporated into the original suggestions?

[Answer] There is no doubt that the recently suggested addenda would be incorporated into the plan, or at least this is what we hope for. The addenda are the ones that pertain to the PLO and to what was proclaimed by Prince Sa'ud al-Faysal at his press conference.

[Question] Has the Palestinian leadership discussed Prince Fahd's proposals?

[Answer] They are still being discussed.

[Question] Brother Abu 'Ammar, you've met with Brezhnev and with Prince Fahd; is there a connection between Brezhnev's initiative and Prince Fahd's suggestions?

[Answer] I cannot discuss this matter because it is not in my power. The Soviets and the Saudis are the ones who decide such a matter. I cannot make such a decision.

[Question] Is Saudi Arabia prepared to participate with the Soviets?

[Answer] Not only is Saudi Arabia prepared to participate with the Soviets, Prince Sa'ud al-Faysal proclaimed that openly. And Prince Fahd praised the steps that were taken by the Soviets toward the PLO.

[Question] But did Saudi Arabia speak about subsequent Soviet participation?

[Answer] Can we foresee anything in the area? I see only one thing. To avoid building up too many hopes and to avoid being overly optimistic I see only Begin's terrorist face; I see the military terrorist face of Sharon; I see the daily oppression in our occupied land; I see the unlimited U.S. support including the U.S.-Israeli strategic cooperation in this evil time for Arabs. Look at the Arab area; look at where Egypt stands; and look at what is happening in the Gulf, in Sudan and in North Africa. All these matters must be taken into account. I was not engaging in idle talk when I said that the next summit in Fez will be a turning point in the history of our Arab nation. I said that taking into account the present picture and the fact that we are going through the most dangerous period we have gone through. I said a few days ago that we would enter a dark tunnel [where we would be] for a period of time and that there would be political and military surprises as well as dangers. But no one is afraid of this dark tunnel. I am not afraid. We in the Palestinian Revolution are not afraid of this tunnel. We take it into account, but we do not fear it. Mountains are not shaken by winds.

#### Palestinian Democracy

[Question] A few days ago seven Palestinian factions announced their opposition to Prince Fahd's proposals. What does this mean?

[Answer] I want to say one thing. Our National Council which approved Brezhnev's plan, our council from which we derive our legitimacy, can that

council which approved Brezhnev's plan turn down the ideas of Prince Fahd? This is a legislative, constitutional, ideological and political point. I was elected by the National Council, and I respect those who elected me.

We respect our Palestinian democracy and we cherish it. As Voltaire said, "I may disagree with your opinion, but I am prepared to give up my life to defend your right to say it."

[Question] But there are those who say that the fact that the plan is an Arab plan makes it the maximum [that can be achieved]. Is that possible?

[Answer] I do not want to become engaged in numerous ideological meanderings. I gave you an answer based on what our national council said. I have nothing to do with others. I am stating a Palestinian position that was taken in April of this year. One must not contradict oneself. The measure is the same, and the standard is the same. We must not confuse issues and become engaged in [these] meanderings.

[Question] Does Brother Abu 'Ammar expect the next summit to amend Prince Fahd's proposals?

[Answer] Most certainly. Prince Fahd will bring up his suggestions for discussion, and he will let Arab officials discuss them, amend them and approve them.

[Question] Does the Palestinian leadership have comments on amending the plan?

[Answer] As a matter of democracy and as chairman of the PLO's Executive Committee it is not appropriate for me to discuss Palestinian observations and suggestions on the pages of newspapers. Matters are to be discussed in their appropriate contexts.

#### Referendum in the Occupied Land

[Question] The popular uprising in the occupied land has been escalating for 10 days. This is tantamount to a referendum on the new civilian administration. How do you find this uprising and can it be escalated further?

[Answer] What happened recently was a tremendous uprising and the most extensive referendum. Our people thus dealt a blow to Camp David and to Sharon. These are our people. There are nations whose leaders are more important than the people, but our people are greater than all the leaders they've had so far. Our people are the ones who are leading the PLO, and they are doing so while they are under occupation, and what an occupation! There is discrimination among the Jews themselves. There is discrimination between Ashkenazi Jews and Sephardic Jews, who are the enemy we are fighting. They are supported by the U.S. giant.

After al-Sadat visited Jerusalem, the Americans asked him about the Palestinian people, and he said, "The Palestinian people are in my pocket." That day I said that our people were the time bomb that would explode in the face of Camp David and drive the first nail in Camp David's coffin. It is our people's uprising in the occupied land that will destroy the dreams of Begin and Sharon.

And here we must recall what al-Shaykh 'Akramah told al-Sadat when he went to pray in al-Aqsa Mosque. Al-Shaykh 'Akramah said, "Only Salah al-Din comes here." Al-Sadat was surrounded by the soldiers of occupation as he prayed.

[Question] Is it possible that the enemy may deal a blow to the municipal councils in the occupied land?

[Answer] The forces of occupation raided a meeting of 600 yesterday. Now hundreds are under arrest and wounded. We welcome this. As you see no sooner do things calm down a little in south Lebanon than they flare up in the occupied land. The reverse of that is also true. This is the struggle, and this is the revolution. The revolution is not a fighter carrying a gun; it is a nation with its children, its women, its young people and its old people. We have sacrificed so much blood to reach this position [we are in now], and the flow of blood [for the cause] has not stopped for one moment. Our revolution has been the longest Arab revolution in our modern history. The percentage of our leaders who have given up their lives for the cause is the highest in the world.

[Question] It is being surmised that Begin's government did not stand up against any major event either in south Lebanon or in the occupied land. [Is that right?]

[Answer] Israel is ruled by military power. Israel is a military society, a place where arms are stored and a camp for global imperialism which is led by the United States of America. This camp will fall if the United States abandons it in the face of our people's steadfastness.

What happened in Vietnam is a very important lesson. When the U.S. commander said, "Give me 3,000 airplanes, and I can guarantee you the failure of the Vietnamese Revolution," he was given 3,000 airplanes, 54,000 U.S. soldiers and 1 million South Vietnamese soldiers. After the Paris agreements the airplanes remained, but the political decision was to have the United States withdraw from Vietnam. Saigon withstood a great deal after the Paris agreement! We must take into account that this is the state of Israel whether Begin is here or is gone or whether it is Perez or Yigal Allon [who will come to office]. Israel is an advanced U.S. military base [placed] in our area to impose U.S. imperialist influence in this area.

[Question] Has the death of al-Sadat changed this picture?

[Answer] Considerably. "The Nile stirred!" Only one thing is of interest to me in the death of al-Sadat: "the Nile stirred." I counted on it; I counted on these people, and I counted on that army.

**The Situation in the South Is Explosive**

[Question] Brother Abu 'Ammar, you spoke last week about Israeli movements and massing of troops in south Lebanon. Is there a possibility that the cease fire might collapse?

[Answer] Yes, this possibility exists. There were 38 violations of the cease fire, and Israel accused the organization of committing these violations, but the United Nations denied these charges and told Begin, "You are the ones who violated the cease fire."

[Question] Does Brother Abu 'Ammar believe that the internal security situation will explode on the contact lines in Lebanon?

[Answer] I do not believe so, especially if what has been agreed to yesterday in the Follow-Up Committee is carried out.

8592  
CSO: 4404/146

INFORMATION MINISTER ON GULF PUBLICATIONS LAW

GF251421 Manama AKHBAR AL-KHALIJ in Arabic 25 Jan 82 pp 1-2

[Text] Information Minister Tariq al-Mu'ayyad has said that the question of drawing up a unified publications law for the Gulf countries has not been discussed-- contrary to reports published by some Gulf newspapers. In a statement to AKHBAR AL-KHALIJ the minister said that it is possible that a member of the Gulf Cooperation Council [GCC] will submit a proposal of this kind in the future.

The information minister added: However, I believe that the implementation of such a unified law will be extremely difficult. The best way may be to agree on basic principles that are included in the publication laws of each of the GCC countries. He said that the seventh conference of the Arab Gulf countries Information Ministers Council is scheduled to meet in Kuwait on 23 and 24 February 1982. It will be preceded by a conference of information experts on 20 and 21 February.

Al-Mu'ayyad said that with the completion of the session of the Information Ministers Council, during which meetings were held alternately in the capitals of the council's seven member countries [the GCC countries and Iraq], Bahrain has called for the convening of a special session to make a comprehensive appraisal of Gulf information and what has been achieved in the past. He said that Bahrain urged that such an appraisal be frank so that it would be possible to benefit from past experiences, concentrate on the positive points and avoid weak points.

Bahrain has also submitted a memorandum on completing the procedures for coverage of Arab League news by the Gulf News Agency [WAKH]. As chairman of WAKH's board of directors Bahrain has received the approval of Saudi Arabia, Iraq, Kuwait and Oman on this matter.

Information Minister al-Mu'ayyad said that the information minister conference will discuss the proposal to make a complete appraisal of the work of the Petroleum Information Committee which stems from the conference, in view of the fact that the committee and other organizations such as the OPEC News Agency have been duplicating each other's work.

CSO: 4404/232

AFGHANISTAN

DEVELOPMENT OF PRESENT POLITICAL, MILITARY IMPASSE REVIEWED

Paris LE MONDE in French 22, 23, 24 Dec 81

[Article by Jean-Christophe Victor, member of the International Association for Action on Hunger: "Afghanistan: The Impossible Normalization"]

[22 Dec 81 p 5]

[Text] I. Karmal: In Search of Legitimacy

For over 2 years, Karmal has made several trips abroad, but mainly to Eastern countries: one working visit to Prague and three to Moscow, where he was again last week.

Nearly two years, despite periodical rumors announcing his replacement and the sometimes murderous confrontations between the factions of the People's Democratic Party of Afghanistan (PDPA) (Communist Party), are a record of longevity. His predecessor, Hafizullah Amin, killed in December 1979, remained in power only four months, after having the man who had led the country for 17 months, Taraki, assassinated.

In June, after 18 months at the head of state and the party and as head of the government, Karmal resigned as head of the government. The sixth plenary session of the PDPA named the former deputy prime minister in charge of planning, Sultan Ali Keshtmand, to replace him. Was this appointment for purposes other than to lighten Karmal's work load? Keshtmand, member of the Political Bureau, enjoys the advantage of being a Hazara, an ethnic minority traditionally oppressed in Afghanistan. Will his appointment promote a dialogue with the Pachtoun ethnic group that has always dominated the country's political life? That, at least, is what is expected. The appointment is also perhaps for the purpose of providing an interlocutor for the Hazara merchants at the Kabul bazaars, who hold 40 percent of all national savings, and even more, for the armed bastion of the Hazara resistance entrenched in the Hindu-Kush mountains. Finally, the clergy in neighboring Iran may see a good-will gesture in the naming of a Muslim of the Shiite minority at the head of the Afghan Government.

However, it is doubtful that Keshtmand's appointment alone would make people forget the many mistakes made by Afghan communists since they have taken control of

the country's affairs, for the fact that the armed opposition is fighting the Kabul regime throughout nearly the entire territory and that over 2 million Afghans (15 percent of the population) have chosen to flee the war and the presence of Soviet soldiers should tell Karmal that he is still far from having legitimized his presence.

And yet, the way seems to have been laid for his arrival in January 1980, so catastrophic was the heritage of his predecessor, Amin, called the "Afghan Pol Pot." Karmal did in fact have to face two urgent tasks: reducing opposition to the central government and rebuilding a united party capable of governing. Since the ideological divergencies were minimal between the two factions of the PDPA, it did not seem impossible in advance to reconcile them. That of the people, the Khalq, had a good base among small provincial officials, teachers and army officers. Pachtouns from rural areas, nationalist and trained in the university or advanced teacher training schools, the Khalq then viewed Marxism as a simple but effective means of having access to modernity, social justice and power, which had previously always been denied them by the city-dwelling Pachtoun royal oligarchy.

The so-called "Flag" faction -- the Parcham -- headed by Karmal, includes representatives of the wealthy classes in the capital and the sons of the upper bourgeoisie having completed their studies in the USSR or Europe. Often pro-Soviet and always "internationalist," they are exasperated by the backwardness of the country's economy and the way of thinking of the people, as well as by the memory of their brief collaboration with former President Daoud.

Shortly after he came to power, Karmal tried to form a National Patriotic Front. In his opinion and that of his political friends from the Parcham, this attempt at a national union was to bring together the Afghans opposed to the methods of his predecessor and to the immobility of the republican monarchy with tribal leaders from the south, leaders repentant over the "rebellion" and the members of the Khalq, who have great difficulty accepting the loss of power which it took them 15 years to gain.

Through necessity more than any tactical plan, it was a matter of agreeing to a fair division of posts at all levels of the government party apparatus. Consequently, Keshtmand, a Parchami (member of the Parcham) who had been imprisoned for many months at Pul-e-Charki, a prison close to Kabul, sits on the Political Bureau alongside the man who had him arrested, Assadullah Sarwari, former Khalqi (member of the Khalq) leader of Amin's political police.

#### Break in Drive Belt

While this coexistence operated at the top until the fall of 1980, the situation was quite different among the rank and file. The members of the Khalq constitute an important network, numerically (25,000 to 30,000, compared with 6,000 to 8,000 Parchami) as well as politically. Well established in nearly all the provinces, they play, through the posts they occupy, an irreplaceable role as a drive belt between the government and the people. This very proximity makes them feel the enormity of the shock created by the arrival of the Soviet tanks. Army officers and simple members as well view the intervention as a betrayal and an insult to

the national dignity. Even more, perhaps, it is a personal humiliation. Some go so far as to say: "Now we are rebels." The Khalqi officials whom Amin put in the government offices, ministries and rank-and-file organizations were replaced as soon as their Parchami colleagues were freed from Pul-e-Charki prison on 5 January 1980. They were taken back into their local offices, sent to the provinces or simply put out of work.

In a government agency in charge of vaccinations in rural areas, employing nearly 200 persons in Kabul, the party cell has 50 members, only 5 of whom are Parchami. This distribution seems representative of the ratio prevailing between Khalqi and Parchami in the capital. Despite their numerical strength, power escapes the Khalqi, making their work as members purposeless. Meetings on the working places of "basic party organizations" (cells and sections) in which the Khalqi hold the majority and assume leadership posts become places of personal as well as ideological confrontations. Motions adopted by the rank and file are usually blocked before they reach leadership organs. These frictions reflect the discontent and demands of most militants. One example among many: The Khalqi demand the restoration of the individual weapons confiscated by Amin, while the Parchami have had them since 28 December 1979, the date of Karmal's return.

The critical attitude, spite and the distrust of the Khalqi adds to the spirit of revenge of the Parchami (excluded from power by the Khalqi after having shared it with them for 3 months in 1978). All of this has made the establishment of the National Patriotic Front highly theoretical.

#### Young People, Women, Religious

This phenomenon of the "Parchamization" of the administration had repercussions as far as the government agencies at the end of 1980. Khalqi A. Sarwari and D. Pandjiri were sent away, one as ambassador to Mongolia and the other to the USSR for "reasons of health," then, upon his return, to the northern provinces for long missions. On the other hand, Parchami A. Keshtmand and Mrs Anahita Ratebzad, minister of education, were put in charge of coordinating the main ministries: Defense, Planning and Interior, for the former; Culture, Information, Health and Higher Education, for the latter. Unable to use the existing drive belts and relying on a party with no roots in the country, Karmal now has no other resources than to go directly to different strata of the population in order to obtain their support.

The establishment of a National Council of Afghan Women is aimed at mobilizing a fraction of the population somewhat favorable to the revolution that claims to defend them. Mrs Anahita Ratebzad, long popular with women because of her dynamic action and the symbol of emancipation, stated in her inaugural address: "The Koran is a source of teachings in the fight against prejudice with regard to education for girls."

For their part, young people enrolled in the lycees in the capital are offered scholarships in the USSR or countries of the Eastern bloc. A new weekly, JEUNE DRAPEAU, vaunts the merits of the achievements of the regime for those under 20. Finally, offering solid ideological training, a party school opens its doors using the name "Workers School."

In announcing that Soviet assistance was the result of a "divine will" and that "the date of 27 December symbolizes the intervention of the all-powerful God" (Radio Kabul, in Persian, 18 June 1980), Karmal manifested his determination to build a bridge toward an essential element of the Afghan social unit: the Sunnite clergy. Through a series of gestures, he tried to make up for the mistake of his predecessors, who had spiritual leaders as important as Shur Bazar Mudjadedi, uncle of the head of the National Liberation Front exiled in Peshawar, assassinated in prison. He is restoring the national flag using the green colors of Islam and opening an "office of Islamic teachings" which he himself heads (for heads of the Islamic community, June 1980, see "Les Musulmans Oublies," A. Bennigsen, C. Quelquejay, Maspero, 1981).

In some cases, such moves may have been welcomed, or at least they may have sown doubt in the minds of those for whom they were destined. It would not appear that they have been successful. A number of armed opposition groups are still led by the mullahs (priests) of the villages and valleys.

[23 Dec 81 p 7]

[Text] Following an inquiry among high Afghan officials and foreign experts who have left Kabul, Jean-Christophe Victor describes the situation in Afghanistan, where he has spent time in the past. In an initial article, he showed the difficulties encountered by Karmal's regime, installed by the Soviet army intervention at the end of 1979, and how factional struggles between the two wings of the People's Democratic Party (Communist Party) resulted in the victory of that of the chief of state (LE MONDE, 22 December). This was accompanied by purges and new control over the population.

## II. The Carrot and the Stick

As early as 1980, several measures were taken by the government and Karmal in order to stimulate economic recovery and above all, reassure merchants and small investors: easier credit for private firms; higher purchase prices for products manufactured by the government; reduction in customs tariffs, accompanied by an authorization to restore direct commercial ties with foreign firms; return to the private sector of some 20 import enterprises previously controlled by the government. For the first six months of 1980, the Afghan Chamber of Commerce and Industry announced a 40-percent increase in the overall amount of imports compared with the same period in 1979, which was \$55 million. Afghanistan's main trading partners remain the USSR, Japan, the FRG and India. At the beginning of 1980, the USSR and Afghanistan signed a new contract authorizing a tripling in exports of Afghan natural gas to the USSR (2.3 billion cubic meters (Moscow reportedly buys Afghan gas for \$84.90 for 1,000 cubic meters and Iranian gas for \$129, ASIA WEEK, 16 May 1980).

Within the framework of its cooperation agreements with Afghanistan, the USSR seems to be making a significant effort on behalf of the mechanization of agriculture, particularly the supplying of tractors. These are mainly used on the northern plains, where the flatness of the relief authorizes the organization

of agricultural cooperatives and at the same time, makes the effectiveness of guerrilla actions more hazardous. Joint Soviet-Afghan enterprises export citrus fruits, karakul hides and grapes to the USSR.

#### Literacy Campaign

The construction effort was supported in Kabul, but it is far from meeting the demand. Following the bombing in the provinces, the population in the capital went from 700,000 inhabitants in 1978 to 1.2 million in 1981. According to the Ministry of Agriculture's own sources, only 10 percent of the 1,300 agricultural cooperatives set up in 1978-1979 are operating normally. The literacy campaign is dead, although during the first year, 1978, it reached a million adults. Only a few hundred classes are still operating in Kabul. In the provinces, the courses are mainly given in the barracks and government offices: They are required there.

The difficulty of land and telephone communications, the lack of security on the roads and the nearly complete absence of administrative channels in rural areas force the administration in the capital to nearly call a halt to food supplies to rural areas. Agricultural work has partially ceased in several regions because of the massive exodus of farmers to neighboring Pakistan. The shortage of wheat, oil, rice, sugar and even meat resulting both from the exodus and the bombing is not attenuated by supplies arriving in the towns. Civilians actually avoid leaving their territory and try not to go to the markets.

International aid, once extremely important in Afghanistan, either in the form of "binding aid" or long-term credits at low interest rates, has been considerably reduced since opposition to the regime resulting from the April 1978 coup has become general in the country.

The members of the international missions: the UNDP, the ILO, UNESCO, or bilateral missions: France, India, Canada, have gradually been sent to other countries or have returned home. The vacuum they left is almost systematically filled by experts from socialist countries. Even if the competence of the candidate does not respond to the job description, the criterion of selection remains membership in the socialist camp.

The Islamic Bank for Development halted all studies and financing as soon as Afghanistan was excluded from the Islamic Conference in February 1980. The Asian Development Bank did the same.

As a result, a number of projects and programs were left "as is." For example, Canada financed and had its experts set up a new, ultramodern national publishing company on the road to Djelalabad east of Kabul. It is now finished and unusable. The training period for Afghan technicians coincided with Karmal's coming to power and Canada then had to recall its experts. The small agroindustrial units built by India are now operating at half their production capacity: Raw materials arrive irregularly, while one-third of the Afghans who should operate them are at their posts. Another third is underground and the final third is in prison. The Afghan minister of industry was able to save the equipment and machinery plant

built by the FRG: German experts are gradually being replaced by technicians slowly becoming familiar with a plant whose equipment was made in West Germany.

#### Cadre Drain

However, the departure of Western experts is but a minor inconvenience compared with the exodus of Afghan cadres. Members of the administration who cooperated at various levels with the former government of President Daoud, intellectuals, university students and engineers trained in the West, but technicians and laborers as well, they have gone to Pakistan little by little, some of them forming resistance networks. Others have gone to the Gulf countries, the United States or Europe. Their departure from Afghanistan constitutes another source of weakening for the current government. For technical and political reasons, it has therefore become necessary to call in Soviet advisers.

It is not sure that their number in the different government organizations has significantly increased since the December 1979 intervention. On the other hand, their status has changed: Advisers are now making the decisions. Has a governmental decree passed by the Cabinet in January 1981 concerning the training of rural doctors in 4 years been modified by the Soviet advisers in the Ministry of Health? Against the wishes of the minister, that training has been reduced to 2 years.

Difficulties in soothing the murderous quarrels within the Afghan Communist Party and the current impossibility of reducing peasant and urban guerrilla resistance have gradually led the USSR to intervene directly in the affairs of the Afghan Government and to choose a long-term strategy. For that purpose, it has opened the doors of its universities, academies and research institutes to Afghan students, granting them medium- and long-term scholarships or intensive training programs. Nearly 2,000 scholarships were offered in 1981. Courses in the Russian language have begun in Kabul. The Kabul Engineering School, an active center of dissent, was to close its doors for good after the students enrolled in 1978 finished their studies. Its work is now done by the polytechnical school, where the professors have been Soviets for some 15 years. Thus, the young Afghans become a trump card for the stability of the new regime. Whether they like it or not, their transformation into actors in and witnesses of their country's industrialization and urbanization makes them an asset of the Soviet strategy in southern Asia.

#### Omnipresent Police

To the officials holding intermediate-level posts, who are less inclined to intone the credo of the regime but forced, because of family responsibilities, to go along, various favors are granted: chauffeurs, cars, various forms of compensation, priority on the lists of delegates to go to the USSR or other socialist countries, rapid promotion. It is a classic process. Stocks of clothing imported from the USSR are distributed to the blue- and white-collar workers, low-level officials; half are sold at low prices on the commercial circuit, at the Kona-Frushi (old and used goods). The government's police seem to close their eyes to the black market that has developed between the Soviet troops and the people. In

some districts of the capital, this market has taken on considerable proportions and enables many Afghans to increase their meager income.

This bonhomie of the police should not lead to any illusions: In the face of the growing opposition to the regime and the urban resistance's ability to organize, its role has been broadened. The blind, brutal repression of the 22 February 1980 riots and the university and high school students demonstrations of April 1980 have been followed by systematic operations of prevention and intimidation.

"The largest and most famous prison in Afghanistan is no longer Pul-e-Charki; it is Kabul." This ironic, bitter comment by the director of a hospital in the capital sums up the high degree of surveillance and control of which its inhabitants are the object. How could it be otherwise? The seat of the government and government offices, it is also the place where most of the Soviet experts live and work, in a ghetto, the Microrayon district. Kabul takes on particular importance by virtue of the fact that it is now the only city in the country where these few hundreds of witnesses, the foreign experts and diplomats, reside. Geographically oriented toward the east but at the hub of the main road arteries, it is the most important Soviet base in the country: The army and air force staffs are at the airport; those of the infantry and artillery at the Darulaman Palace. A little further on, near the museum, is the telecommunications center. Elsewhere in the city are the engineers, transport and armored divisions. A radar network has been set up on the hills surrounding the city. Four large camps at the four cardinal points control the entry and exit of civilian vehicles. Finally, on each of the main roads leading to the capital, at about every 10 kilometers, tanks are buried, their turrets passing over fields now fallow.

However, even in period of calm, armored units of the Afghan army are permanently stationed on the highways. They are backed by Soviet tanks in the strategic sectors: palace, radio and television, Ministry of Interior, grain silos. Anticipating strikes or demonstrations on the occasion of the anniversaries: 27 December, Karmal's "advent"; 22 February, first people's riots of importance in the city; 28 April, spontaneous demonstrations of high school students; the military apparatus was strengthened: All bridges, major avenues and city squares had Afghan and Soviet tanks stationed on them and armored patrols circulated constantly throughout the city. This situation of alert was set up this year from 15 to 22 February in order to ward off any attempted demonstrations by the people. For a year, following military operations in Shamali and Pandjchir in the north, thousands of families living in those regions have been migrating to Kabul. The government has since set up an extremely tight system of control, essentially operated by student-recruits from the military academy and police. Everywhere in the city, groups of two or three soldiers or armed police circulate, arrest passers-by, preferably young people, asking them for their taskera (identity cards), inspecting taxis, searching vehicles.

The city is divided up into sectors. In each one, the party has rented a house (*hona-e-hezbi*) where militia headquarters are set up. Party members and Young Pioneers, sometimes 12 years old, armed to the teeth and visibly proud of it, are on guard day and night. Their activity is especially intense during the curfew from 2000 to 0500 hours. It has been modified but never lifted for 3 years.

They circulate in the streets in groups, arresting any person or any driver, asking the password for the night. A few tanks ensure liaison between the different *hona-e-hezbi*, for burst of machine-gun fire are frequent at night. Sometimes they signal the settlement of accounts between Khalqi and Parchami.

Rumors to the effect that Kabul is a nest of armed resisters have led the government to making house-to-house searches. They have become more systematic in recent months. They also make it possible to find young people avoiding the draft.

In addition to these relatively open actions are the more occult actions of the Khas, the secret police. Informers, extremely well-paid, are recruited from all milieus: taxi drivers, bazaar merchants, office janitorial personnel, and so on.

Room to maneuver is consequently very narrow for the men and women in the capital who have gone into the resistance, but that little room is greatly used and with success.

[24 Dec 81 p 7]

### [Text] III. On the Altar of Strategy

The division of the resistance networks fighting in the capital is partially like the split reigning among the groups in exile in Pakistan: fundamentalists on the one hand and liberal nationalists on the other; Hazaras on the one side and Pachtouns on the other. But the groups have a less marked nature. The continuing danger in the city has quelled the spirit of rivalry found in tribes living in the provinces and the division of the population follows a more socioprofessional classification: networks of doctors, lawyers, *bazari*, teachers, stonemasons, construction workers, and so on. Finally, the constant closeness of the enemy, the arbitrary nature of arrests and the climate of surveillance and denunciation have forced Kabul residents to organize and to go underground.

One structure for one of the main movements in the capital, the Organization for National Liberation (SAMA), recognizes the evolution that has marked it: "In order to prevent any spontaneity, which the authorities take advantage of so as to generate the provocation-repression cycle, we prefer to plan our actions carefully. What is useful is more important to use than what is spectacular. Each one of us knows only two members of his network. But we continue to communicate with the people through the *Shab-namad* (night newspapers)."

The SAMA has been active since the end of the Daoud period. It recruits its members from among the intellectuals, university professors and university and high school student movements. It is Islamic and clearly "leftist" and its cadres use a vocabulary and apply analyses that a Maoist in Europe in the 1970's would not have denied.

Since the arrival of the Soviet soldiers in the country, the organization's priorities have naturally been modified. While it is still a matter of applying an agrarian reform announced 8 years ago and that no regime has been able to

implement suitably and while girls must be given the possibility (in Afghanistan, this means the authorization) of going to school, it is now mainly a question of tracking the occupying power and carrying off night raids. The level of reflection and the maturity of the SAMA cadres are far superior to those of the "staffs" in Peshawar, which are courageous but often naive. There is no question of launching operations if the arrests would cost the organization too dearly. It would be useless to delve into proselytism if one destroys its effects by assassinations without political significance. This determination is expressed in a very responsible attitude: A pension is paid to the family of a soldier killed while he was defending the home of his boss, a head of the political police. The families of members arrested or executed are financially cared for by the organization. For the SAMA, the fact of having the complicity of the entire city and all circles authorizes it to set up operations that are both profitable and nonviolent: the theft of printing equipment at the French-Afghan Francois Villon Educational Center; the theft, at the UN House, of surgical equipment, generators, long-distance receiver-transmitters, and so on.

One rich *bazari* (bazaar merchant) had to pay a ransom of several million Afghani (1 Afghani = 10 centimes) to recover his son who was kidnaped by the organization. The money obtained served to have posters honoring the memory of Madjid Kalakani, a popular Afghan "carrier" and network leader shot for "gangsterism," printed in Germany.

Working mainly in the capital and the north, the SAMA does not seem to maintain organic relations with staffs in Peshawar. On the other hand, it has constructed special bonds with regional and tribal and regional assemblies.

The factors that engendered the Afghan divisions in the resistance are the very ones that now make groupings in the interior of the country possible. The geographical relief with its countless valleys, the attachment which extended families have for the "little closed country"; the "territory" defended by the Pachtoun tribes; and the Hazaras' respect for their Shiite clergy: These are all factors that make allegiance to a political party or a movement in exile difficult. But these same factors have favorable effects, on the other hand, when they are used for the purpose of regional dynamics. The organization provided by the Tadjik or Hazara *shura* (councils) and the Pachtoun *loya djirga* (assemblies) permit joint leadership of guerrilla warfare and social and agricultural life in regions living in a war economy. Why, in fact, should a vertical relationship be maintained with parties which, from abroad, provide only an irregular supply of light weapons and no military and political training at all, when the country's geography, the localized nature of fighting and the traditional institutions that take the place of the nonexistent parliament in Afghanistan favor a natural, horizontal cooperation between the different groups of soldiers?

In exceptional situations, exceptional leaders are called for: War gives birth to military figures whose minor social status as blacksmiths, bandits or day laborers had previously kept them in the background.

Geographical groupings, quite rightly named a "kind of solidarity," arouse strong hopes among those Afghans who have understood the usefulness of a national political unification of the opposition.

Are they confusing hope and illusion? Whatever the case, the road leading to this unification is paved with bad intentions. Three major obstacles are slowing down the progress of the assemblies: their lack of contact with the outside and the resulting lack of funds; the federal government in Islamabad, which "recognizes" only the six Afghan parties in Peshawar and does not intend -- for the time being at least -- to give passageway on its territory to an Afghan government in exile; and finally, the Islamic Hezb strategy of the fundamentalist leader Ekmatiar Gulbuddin.

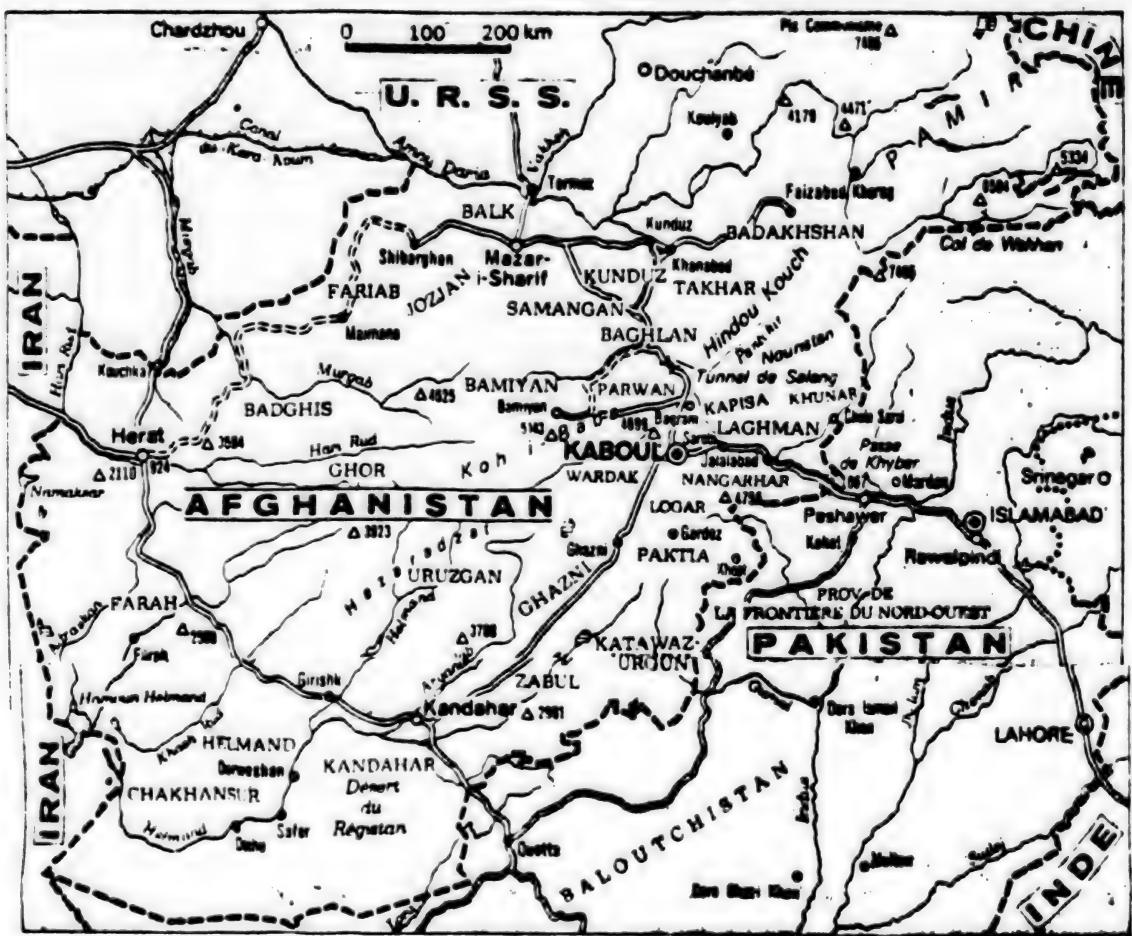
Opposing the central government in Kabul -- that of King Zaher or Prince Daoud as well as of communists Taraki, Amin and Karmal -- for over 10 years, the Hezb intends to solve all social and political problems through religion and restore fundamental belief in dogma and rites. In this, it is the only opposition party that now has a political program based on an Islamic ideology going beyond the framework of Afghanistan. Between revolutionary modernity -- which is mainly verbal -- and social archaism, in which religious morals serve as a foundation for individual behavior, the party has come considerably closer to the leadership in Tehran during the past year. A huge portrait of Imam Khomeyni hangs in the reception room for foreigners in party offices in Peshawar. Is this incantation or ostentation? Whatever the case, its presence feeds the rumor that Gulbuddin's staff might move to Meched in eastern Iran. Politicians in exile, tribal leaders and moderate Afghans in general say they fear "this Islamic international, whose most recent conquest is that of Iran by Khomeyni."

Inside Afghanistan, the Hezb's influence is more limited than its well-maintained reputation would lead one to believe. And yet, the party has been able to gain the following of young *taleb* (theology students), often endowed with more Islamic culture than open-mindedness or humor, but also of the illiterate peasants. The stationing of "infidel foreign soldiers" in Afghanistan has exacerbated the profound religious beliefs of these peasants. It is this exacerbation that has been profitably used by Hezb cadres to turn the receptive peasants into excellent soldiers, but also into militants with a dogma reputed to be the only thing able to fight the invader.

#### Holding on Until Death of Brezhnev

This exclusivity sometimes makes the Hezb look as if it alone held the keys to victory. The huge Pachtoun tribes, led by the *durani* and *gilzai*, are detested by the fundamentalists, for the latter are for them simultaneously the symbol of a three-century-old monarchic power, the introduction of Western ideas and technology and the tribal homogeneity which, in its solidarity, is so irritating for the "tribeless." Does the breakdown of Afghan society which foreign intervention and the war have caused not represent the Hezb's first opportunity to go after power in order to build a fundamentalist society?

Two years after the beginning of Soviet intervention, Afghanistan persists in not letting itself be pacified. While the fighting and the bombing of villages even more have caused nearly 15 percent of the population to flee, the number of persons won over to the Marxist model of the modernization of Afghan society apparently remains tiny.



The Afghan soldiers, unequipped to face the armored helicopters, often retain the initiative in the country as a result of the multiple hotbeds of insurrection they create and the solid civilian backing they enjoy.

War modifies ways of thinking and attenuates interethnic splits.

"The whole country is working for the resistance," one French surgeon who spent several months in different provinces of the country in 1981 said. On the other hand, the *Moudjahidin* (freedom fighters) are exasperated by the poor political and diplomatic use to which their efforts and sacrifices in the field are put. "The parties in exile handles their divisions and the Western world its monetary crisis," one former high official in the Afghan Ministry of Foreign Affairs angrily states.

"Everyone seems to be anxious to throw in the ingredients needed to make what is modestly called 'the Afghan crisis' last, a crisis which for us is nothing but pure and simple sacrifice on the altar of strategy. The Soviets cannot win militarily under the conditions they have endured since January 1980, but they do not

want to increase their contingent either, for this would further alter their image in the Islamic world. For its part, Pakistan is having difficulty bearing the economic and especially political burden of the over 2 million Afghans in its territory. In order to gain their return, it is willing to accept negotiations with Karmal, or even better, to bring a fundamentalist regime into Kabul. As for the West, it obviously seems the occupation of Afghanistan by the Soviets as acceptable. Perhaps it sees it as even advantageous and reassuring, in a way. Whatever the case, restoration of the strategic balance in the region does not appear to be up to Afghanistan. Henceforth, we can rely on only two factors:

"The irrational aspects of our fight against Soviet expansionism and therefore, its value as an example that it may have in the eyes of Westerners; and

"Its duration. If we hang on for 12 years, as the Bashmatchis did (people's uprising of the Uzbeks and Turkmen against the Red Army in the Boukhara region, from 1926 to 1938), then the supporters of a withdrawal from Afghanistan in the Kremlin may win out in the Politburo when Brezhnev dies. We have already hung on for 2 years."

11,464  
CSO: 4619/35

AFGHANISTAN

SIEGE, DESOLATION OF QANDAHAR DESCRIBED

DW291047 Bonn DIE WELT in German No 300, 28 Dec 81 p 7

[Article by Walter H. Rueb: "The Tragedy of Qandahar"; ellipses as printed]

[Text] Popular wars are cruel. The struggle over Qandahar, the second biggest city of the country, is a terrible example: streams of blood moisten the territory of the battles, recklessness and foul play are trumps, fire saves ammunition and poisoned water finishes off enemies and problems without a sound and without leaving any traces.

In Qandahar the tragedy of Afghanistan is approaching another climax. For weeks the city has been the object of severe fighting. It changed hands several times. Bombs and grenades of the Russians, fire and explosives of the guerrillas have caused heavy devastation. Bulldozers are doing the rest these days: in the short intervals between exchanges of fire the Russians level out the ruins.

Nobody cares about the corpses of the decimated civilian population. Thus, the ruins of their houses become the graves of the victims--killed and wounded alike. Mercilessness triumphs.

Some 80 percent of the 208,000 inhabitants escaped the inferno by flight. Most of the men now reinforce the ranks of the Mujaheddins. Women, old men and children vegetate in nearby and remote refugee camps.

Refugee treks dominate the roads in the direction of Pakistan, and the owners of camels on both sides of the border near Chaman are seeing golden times: while formerly the daily rental for a camel came to AF200, or the equivalent of about DM10, the camel drivers now demand, and get, 30 times that amount. A camel can carry loads of 420 to 450 kilograms, covers roughly 50 km in 24 hours and thus carries household effects, old women and men into a world without bombs albeit full of misery and uncertainty.

The refugees report arising epidemics which possibly can be stopped only by the oncoming winter. The ghost city, however, is patrolled by Soviet soldiers: they search the houses left intact. Wherever they find arms and ammunition the inhabitants found are shot to death on the spot and the buildings demolished or put on fire.

## When the Mujaheddin Come Down From the Mountains

But life keeps stirring in the ruins despite the horror. The formerly famous bazaar of Qandamar is closed, and curfew has been imposed for the night. Yet Afghans are tenacious, persistent and frugal--and they love their homeland. Communication now is in progress clear across the cratered landscape of Qandahar, and the resistant part of the people watches events in and around the town from the few roofs that are left. Quite frequently the watchers get exciting things to see. This happens when Mujaheddin come down from the nearby mountains and attack convoys, barracks of the Afghan and Soviet armies, party headquarters, police outposts and other centers of the occupation power or its henchmen.

During the past 2 years the Mujaheddin carried out 60 major operations in the area of Qandahar. Their most famous operation in August 1981 made the headlines of the world press: only 45 of 54 Soviet and Cuban military advisers survived a surprise attack by the guerrillas between downtown Qandahar and the airport....

The hideouts of the Mujaheddin are barely 10 kilometers away from downtown Qandahar, but the march by foot from the wasteland, emptiness and wilderness of the barren country between altitudes of 1,000 and 2,000 m into the labyrinth of the big city takes 3 days and more.

"Despite intensified vigilance of the Soviets our losses are small," says Noor Mohammad, the deputy commander of the Qandahar front. "Our losses rarely exceed 1 percent." The 35-year-old former teacher has a martial look on his face. It is snowing, and yet his feet in the sandals are bare. Near a camouflaged antiaircraft station he warms up at a fire. A nearly brand new Russian Kalashnikov is dangling from his shoulder. His look goes far into the distance: Are any helicopters or airplanes of the shurawis, the hated Russians, approaching?

All remained calm. Just a few sheep bleat. They carry small bells around their necks. Life here is marked by seriousness; there is no room for idylls. Two freshly slaughtered animals are lying about 100 m away. In their pathless hideout the Muhammedin cannot bother with supply problems; and the snow is meters deep in winter anyway.

But even in winter the Soviets do not give any quarter. Nearly every day helicopters threaten the existence of the guerrillas, airplanes leave their traces on the light blue sky. This is understandable, because the losses of the invaders are high. "In our operation we always finish off 40 to 90 percent of the adversaries attacked," Noor discloses.

He does not brag. His men confirm the data. They are innumerable. Meeting them is surprising. The persecution by their communist compatriots in Kabul and the merciless warfare by the "godless" have made them cautious. In a sort of relapse to the ancient era of human existence they are living in and under the ground--Afghanistan in the year 800 B.C.

Hours have passed since I have been climbing around a steep hillside, stopping here and shooting pictures there. No creature in sight anywhere, just a bare, brown and stony world, oppressive in its forlornness, unique in the silent duality of sun and cold mountains, without any green and any life.

Apart from myself Noor seems to be the only human being in this solitude--until he whistles. Instantly the place is crawling with men, young and old. They crawl from their holes and caves, and smoke escapes from their primitive "accommodations." The Afghans are armed, but they are friendly toward the stranger.

They unbend in front of the camera, pose in front of the dugouts, extend the invitation to sit down at the crackling fire, serve tea and talk--five of them at a time. It is still early in the morning and the blankets of the night camp still have not been put away. There are no women.

It is strictly a man's world which has established itself here in the solitude of the mountains in the course of a war that has been nearly forgotten by the world. The clothing of all Mujaheddin would need a laundry, nearly without exceptions the faces are "adorned" with wild beards, sandals and other shoes would not even attract the interest of a German garbage dump comber....

The furnishings of the accommodations are quickly listed: blankets, cushions, and few pieces of clothing, radio receivers, ammunition belts, knives, logs of wood, dry twigs, some dishes, a few pots, arms.

In this world the arms are the status symbol. Teenagers and beginners are equipped with Chinese, old Soviet or cheap English, Czech or Pakistani rifles. Higher ranking people own Kalashinkovs of older or even new vintage, commanders often are carrying two weapons: submachine guns hanging from the shoulder, handy pistols stuck in the belt.

A little later the Mujaheddin show in small-scale exercises how they can handle their arms. Light snowfall somewhat disturbs the advancing line, yet they take a hill in no time. Avalanches of rock and scree thunder down in the process, and from aloft muffled up figures spur the men on. These are the specialists who live in dugouts directly beside their antiaircraft guns. The captured Soviet dashacas are ready for battle around the clock in perfect camouflage--dangerous enemies to Soviet helicopters and airplanes.

Basic training, school of the soldier, drill, quarter detail and other soldierly terms from barracks and rear echelon are unknown in the motley band of 50 guerrillas. Nor is there any difference made here between tour of duty and time off. A Mujaheddin is ready for combat day and night. If he puts his rifle away, then it is only for the duration of a short nap or for prayer, or he exchanges it against a working implement like a shovel, pick, ax or a knife. Incessantly new caves and holes are dug into the mountain, a water ditch is excavated here and fuel collected there, a sheep slaughtered or a new rifle shaft carved.

The days in the mountains of Qandahar pass monotonously and cheerlessly. The band is eager to go down to the city where targets for its arms can be found and where the bereft life far away from the past and in many cases devoid of any future gains some meaning--because the war is waged against the shurawis, the "godless."

But prior to the days of elation in the battle against the Soviets in Qandahar the Mujaheddin must endure hardships and dangers on the 3-day march to the big city. But it is not the longing for death that drives the sons of Afghanistan to Qandahar time and again but an overwhelming sense of justice and patriotism.

Many Mujaheddin lost their lives under the retaliation strikes of the Soviets in and around Qandahar during the past few weeks. But after each operation a nearly comfortable refuge awaits the survivors in the flat hills south of the city and near the border. Clay huts with sleeping cots, kitchen and mosque serve their recuperation and restoration. A captured Russian truck and a light blue cross-country vehicle insure the contacts between the outside world and the hideout.

Life in the camp is leisurely. In the arsenal, however, there is everything that shoots and kills: rifles, submachine guns, light and heavy machine guns, grenades and mines. This is the favorite place of 96-year-old Walli Mohammad. Though having to use a cane for support he still hits every target. He did his job for Afghanistan already in 1919. "I was in the third Afghan-British war," he says. "That was when we won independence by fighting..."

Like all Afghans he likes to be photographed. But suddenly he barks: "I want a rifle for each picture..." The youngest Mujaheddin in the camp are more bashful. These are a 13-year-old and a 14-year-old boy. The younger of the two lost his five older brothers in the war against the shurawis. Still, his parents did not prevent him from likewise taking up arms.

A dangerous looking man with fluttering long black hair commands the 380-man guerrilla group. Commander Nusruddin is 30 years old. At the barrel of his new Kalashnikov colored strings are swinging. He has captured the weapon. It belongs to the 1976 category and bears the number 798 044....

The former teacher talks about his weapon like a Central European about his car. "One can shoot with it from a distance of 1,000 meters, but the accuracy of striking a mortal blow is from a distance of only 300 to 400 meters..."

During the last three weeks it has served him in three attacks, in which three cars as well as large quantities of weapons and ammunition were captured. "We have killed 17 Russians," he says in passing. How about sentiments? "No," he says in a low voice, "we only have one goal. We can see only one light--liberation."

There is hardly any big talking at the camp. Eloquence is not the strong point of the Mujaheddin and a mullah is rarely among them. But during his last visit he was speaking to the hearts of all of them. A Mujaheddin of almost 70 years of age wept. Others looked stern. "If we do not have clothes, we can put on skins. If we do not have tents, we can live in caves. If we do not have food, we can eat weeds."

He took a long look at the visitor from Germany. "All this," he said, "we do not demand of you. All we need is weapons. Morally, we are stronger than our enemies, the Russians. And when we are killed our children take our place and continue to fight."

Long after dawn, an elderly Mujaheddin arrived at the camp with the latest news from Kandahar: The Soviets there had fired at the communist party headquarters by mistake. The error had cost the lives of many Afghan comrades. His reports on looting Russians met with more interest. "In the outskirts of Kandahar they stop trucks loaded with fruit heading toward the Pakistani border," he said. "During each stop of control they are stealing a large number of fruit boxes..."

The resistance fighters are craving for reports from the outside world. At present "the narrations" of DEUTSCHE WELLE and BC are most popular. Each day, in the early afternoon, an Afghan voice resounds from remote Germany to those listening. Atmospheric disturbances are put up with readily--all that matters is that something new can be learned from Kabul, Herat, Qandahar and the rest of the world.

Later in the evening, when BBC can be heard, the group of listeners is even bigger. The news casts from London are received full-toned over the distance of 7,000 kilometers. The BBC, however, is not only a valuable source of news, it also terminates the day of the Mujaheddins.

#### Weapons and Support Are Lacking

Their sleep is being watched over by guardians, whose last mission in Kandahar dates back to already several days. But the commander and his staff hold their discussions far into the night. It is not hunger and thirst that cause their sleeplessness but rather concern and problems: they are lacking money, weapons and ammunition as well as support. The leader complains: "We have not received any gram of oil, any meter of clothing material, any tents or foodstuffs, let along ammunition or weapons, from anybody. If we continue to be left alone..."

There are many fronts in Afghanistan with innumerable groups of independent Mujaheddins or those affiliated with one party. What, however, is lacking is unity, organization of resistance beyond tribal, nationality and provincial borders and means and ways of communication. Guerrilla groups often are fighting isolated from others against the enemy which is superior in strength. Though he is watched by all the solidary people, these activities are badly coordinated, often assessed insufficiently and/or wrongly interpreted for lack of basic information.

Only as of recently a central military leadership started to establish itself. It is composed primarily of former officers of the Afghan army, but it works underground because of continuing rivalries between tribes, nationalities and parties, increased agitation of "treacherous formations" between guerrillas and occupation forces as well as a flourishing communist spy system. Identity, headquarters and composition of the military supreme command are kept secret. Nevertheless, initial order to the Mujaheddins all over the country were issued. A central military leadership is of vital importance so as to enable resistance to a forthcoming Soviet winter offensive.

## STUDENTS INTERVIEWED ON FUNCTIONS OF STUDENT FEDERATIONS

Cairo MAYU in Arabic 7 Dec 81 p 6

Article by Rif'at Khalid: "The Student Federations -- Where are They Headed?"

Text Starting now, up to the first week in December, the university faculties will be going through the procedures for student elections and the selection of student federation secretaries. In order for the student federations to play their part and serve student regulations, since this stage has been characterized by seriousness and serious activity, the Youth Page has held more than one meeting with university vice presidents and students to find out what they had to say, what they wanted of the new student federations, what these must do, and where they are going.

**University Vice Presidents: The Federations Are Not Unions or Special Societies: The New Role Is To Deepen Student Affiliation with the University and Support University Families**

Dr Ibrahim al-'Adawi, vice chairman of Cairo University, says, "I ask the new student federations to seek to respond to the demands of the broad base of students they represent. The most important of these demands in my opinion is attaining discipline and making students understand what discipline means, and that it is not a millstone on freedom but is the optimum means for responding to young people's demands, preparing them to assume a future role in the country bravely and confidently, and striving to build the personality of the student base in a manner connected to the social, cultural and deportmental aspects.

"This means that the federation should take charge of looking after the students' affairs outside study hours, because study is the duty of the professors. The proper use of the time students spend outside study hours will help the students acquire knowledge and organize good excursions, sound symposia and fruitful meetings and engage in sports that are in keeping with the inclinations of all students, in addition to preparing wholesome evening events. All these points will sharpen people's concerns and help students follow up on their mission of learning and becoming educated." Dr al-'Adawi adds, "All I want to emphasize is that the members of a student federation understand the federation's task, which is that it is not a union and is not a private society but is a training field in good citizenship and a means for discovering successful leaders through confidence, experience and personal confrontation. It is not a means for advancement or seeking personal or intrinsic benefits. The new student union should be a truthful expression of the developments our country is going through today and should exercise requisite concern for the nation and repudiate

everything that harms it, because the students are the first and last the children of this country and its men of tomorrow. All the knowledge and learning they acquire is at the same time a guide for the performance of their mission in the best manner the country expects of them, and the student base must agree to exercise its rights in electing appropriate personnel because they in turn will be responsible for the consequences of their choice."

#### Emphasis on University Families

Dr Nasr al-Sayyid Nasr, vice chairman of 'Ayn Shams University, says,

"I consider that student federations should place emphasis on supporting university families and giving university families opportunities to perform their role in a manner serving the greater base of the students and discovering avocations in each student and fields that are suited to him. University families seek to spread about a family social atmosphere and deepen feelings of belonging among students, and consequently the young people's affiliation with society and the service of society, because one goal of university families is public service. This is the 'belonging' that the university families implant in the student, providing him with proper upbringing in the context of friendship, comradeship and the filling of vacuums among the young."

Dr 'Abd-al-Latif Khalif, vice president of al-Azhar University, says "The student federation is the legitimate channel for all cultural, social and athletic activity in the university. I consider that student federations should encourage the spread of university family activity to include the formation of families from al-Azhar University in conjunction with other universities. It is through the families and leaders in the form of professors that dialogue with the young people takes place in the contexts of the faculties and the universities and that we can see what is going on in the students' minds and the concerns they are faced with. Through the dialogue, we can ascertain all their problems, so that these problems can be categorized and solutions can be set forth for them." Dr Khalif recommends that the student federations be encouraged to form families in the context of the universities, under the supervision of social and religious leaders, and that these families should assume responsibility for tackling "religious illiteracy" among young people and standing up to people who talk about religion without understanding or without knowledge of religion and religious values. Proper religious morality will guarantee that all forms of deviation that use religion as a cover will be eliminated.

Dr 'Izzat al-Shaykh, dean of the Faculty of Commerce at al-Azhar University, says, "It is necessary that the student federations play a new role within the limits of the possible and create activities that will fill the void, as far as students go, and that the activity be expanded to include the majority of the students. Otherwise they will be restricted to a small number of students. It is through the intrinsic efforts of the students and professors that these activities can be supported, so that they will thereby be reflected in raising the students' morale and their studies, and they will realize success in their studies. The federation's basic role is to ascertain the students' problems and rise up to solve them."

#### What Do the Students Say?

Safiyah Hasan, Hamdi al-Habashi, Husayn Muhammad Ibrahim, Jamal Hasen, Siham 'Ali Bahi, 'Izzat 'Abd-al-Mun'im, Suzanne Hilmi and Mahmud 'Abd-al-Ghani, students in the Faculty

of Letters at Cairo University, demand that the new student federations prove their worth by getting in contact with the broad base of the students -- otherwise, the student federations will just be "symbols" or titles just for show. The federations must go down among the students rather than have the students seek them out.

#### "Tabulating" the Students' Problems

Huda Fikri al-Habbak and Nihad Yusuf, two students in the Islamic Girls' Faculty at al-Azhar University, state that the student federations must seek to "tabulate" the problems facing the students, categorize these problems and strive to help create solutions to them, especially to the problems that male and female students face in the form of transportation, housing and food.

Nadi Ramzi, Rashad al-Qirshi and Muhammad Khidr, students in the Faculty of Commerce at 'Ayn Shams University, say that the new student federations must provide material assistance to university families, because it has been observed that student federations only do so at the end of the year and the families are compelled to spend money through their members!

Najla' Nafi' al-Ba'li, a student at 'Ayn Shams University, says that the new student federations must be a good "link" between the student base and the university administration, as there are many issues and requests for information of concern to the university students. She wants faculty and university officials to reply to them. This is a new responsibility that is being laid on the shoulder of the student federations.

#### Young People Say the Teaching System Does Not Lead to the Development of Capabilities

Yusuf Salih Yusuf, first mathematics teacher in the Dayrab Najm secondary school: "In its current state, the teaching system does not help develop the students' capabilities, especially at the preparatory and secondary teaching levels."

He recommended that a specific test be allocated to measuring the pupils' capabilities at the preparatory level and that the pupil should then go into the area of study that is compatible with his intellectual resources, and he should continue with that until he completes his education, with attention to foreign languages at all levels of education.

The basic educational system, which lasts 9 years, achieves many advantages, among them elimination of the problem of illiteracy.

Isma'il 'Ali Isma'il, of the Media Faculty at Cairo University: Many people preparing radio and television programs are confused in answering these two questions: what does the public want and what does the public need?

"The public wants diverting entertaining programs but needs cultural programs in light doses."

11887  
CSO: 4504/137

#### STRICT NEW RENT CONTROL PROVISIONS IMPOSED

Cairo AL-AHRAM in Arabic 12 Dec 81 pp 1, 8

Article: "All Housing Is To Be Subject to Rent Control Except Luxury Apartments"

Text The executive bill to the new Housing Law has been issued. It subjects all housing constructed since last 30 July to rent control except for luxury housing, whether appraised under the auspices of the owner or the specialized committees, and allocates two third of the housing units in each real property to rentals and one third to outright ownership, with fractions always to be rounded off in favor of rental units.

The bill stipulates that the owner, upon conveyance of the documents related to the sales of real property or any units in that property, must present the Real Estate Notification Department with a certificate from the competent organizational affairs body based on the permit issued for the building and on-site inspection, containing a thorough description of the proportion allocated for rental for residential purposes. The Real Estate Notification Department will refrain from having anything to do with conveyance of the documents that are to be sold unless the owner presents materials proving that he has undertaken to respect this percentage.

The bill spells out the specifications for luxury, above-average, average and economic housing in terms of number of rooms, living rooms, facing, foundations, sanitary work, baths, entries, staircases, electrical work and so forth. The building permit must state the level of the property and the owner must commit himself to it and not venture to make any improvements in specifications during construction which will have the effect of raising the building to a level other than that for which the permit was issued.

#### Appraising the Value of the Land and Building

Rentals with respect to sites approved for construction for housing purposes, except for luxury housing, are to be determined on the basis of the appraisal of the value of the land, in accordance with comparable values, when the building permit is granted. The value of the lands allotted by the government or local government units to housing projects will be set at a token value for low-cost housing, at actual cost for average housing, and at actual cost plus a limited percentage of the profit for above-average housing. Otherwise, the value of land will be set at maximum price through the system of open auction.

Building values will be appraised in accordance with actual cost at the time of construction in the light of the rules, standards, studies and reports prepared by the specialized committees. A decree will be issued annually by the minister setting the prices of the housing levels subject to appraisal on the basis /of figures/ from government bids so that these committees may be guided by that in their activities, in accordance with circumstances in each governorate. The full value of the land, buildings, foundations and external connections to public utilities will be calculated in the case of construction on any area on which permission to build has been granted, and increases will be thoroughly detailed in accordance with the rules set forth in the Construction Activity Regulatory Law.

In the event the building is not built up to the maximum height permitted for construction, the total value of the buildings that have been erected will be computed, as will the value of the land, foundations, and external connections to utilities, in accordance with the proportion of ~~the stories~~ that have actually been erected to the total number of floors that the /permitted/ height will allow.

#### Rental Deposits

Eng Hasaballah al-Kafrawi, the minister of housing, who issued the bill, stated that rental deposits have been set at a maximum of 500 pounds for the low-cost level, 1,000 pounds for the average level, and 2,000 pounds for the above-average level. The owner will give the tenant a receipt for the amount of the deposit stating the manner in which it is to be deducted from the rent due, within a period not to exceed twice the period for which the deposit is paid. The receipt is to include the date of completion of the building and delivery of the habitable residential unit.

#### Lending Rules and Rates

The bill stipulates that the lending rates on cooperative housing complexes are to be as follows:

The low-cost level: the loan is to be 90 percent of the costs of the unit, including the land, foundations and building, to a maximum of 5,500 pounds, with a return of 3 percent on the investment.

The average or above-average level: the loan is to be 80 percent of the costs of the unit, including the land, foundations and building, to a maximum of 8,000 pounds, with a return of 3 percent on the investment of the first 6,000 pounds and 5 percent on the amount in excess of that, up to 8,000 pounds.

In the event construction takes place on land allocated to members of cooperatives or individuals for the construction of one or more housing units or for the completion or elevation of an existing building, the loans will be at the following rates:

The low-cost level: the loan is to be 90 percent of the cost of the unit, including the foundations, to a maximum of 4,500 pounds per unit, provided that the value of the loan not exceed 150,000 pounds per owner, with a return of 3 percent on the investment.

The average and above-average levels: the loan is to be 80 percent of the cost of the unit, including the foundations, to a maximum of 6,500 pounds, provided that

the value of the loan not exceed 150,000 pounds per owner, with a return of 3 percent on the investment on the first 5,000 pounds of the loan outstanding on each unit and 5 percent on the amount in excess of that, up to 6,500 pounds.

The rates and rules on lending for new complexes, with respect to cooperative complex housing, will be:

The low-cost level: the loan is to be 90 percent of the costs of the unit, including the land, foundations and building, to a maximum of 6,000 pounds with a return of 3 percent on the investment.

The average or above-average level: the loan is to be 90 percent of the costs of the unit, including the land, foundations and building, to a maximum of 9,000 pounds with a return of 3 percent on the investment.

In the event construction takes place on land allocated to members of cooperatives or individuals for the construction of one or more housing units or the completion or elevation of an existing building, /the loans will be/:

The low-cost level: the loan is to be 90 percent of the cost of the unit, including the foundations, to a maximum of 6,000 pounds, provided that the value of the loan not exceed 200,000 pounds per owner, with a return of 3 percent on the investment.

The average or above-average level: the loan is to be 90 percent of the cost of the unit, including the foundations, to a maximum of 8,000 pounds, provided that the value of the loan not exceed 200,000 pounds per owner, with a return of 3 percent on the investment.

The rate of the loan will rise to 95 percent of the cost of the unit in each case with respect to people working in these towns, provided that the value of the loan not exceed the maximum specified in this article.

Calculation of the loan will be based on actual costs in the event the General Building and Housing Cooperative Authority or a specialized government supervision agency performs the construction, or in the event a public sector company performs the construction. Otherwise, computation of the loan will be based on the prices specified. In all cases, the standard for determining the level will be the contents of the building permit. In the event a building is elevated it will be necessary to refer to the permits on the lower floors in order to appraise the possibility of adhering to the areas specified for the floors to be added on, if it is practically possible to construct them.

11887  
CSO: 4504/137

## BRIEFS

DISMISSAL OF SENIOR OFFICIAL--A decree has been issued by Eng Taha Zaki, the minister of industry, terminating the service of the ministry's mineral resource advisor because he had failed to appear at work without excuse. The employee had been moved from his position in the Nuclear Materials Authority but refused to assume his new job in spite of the written warning the minister sent him. /Text/ Cairo AKHBAR AL-YAWM in Arabic 21 Nov 81 p 1/ 11887

INSURANCE OFFICIALS TRANSFERRED--Dr Amal 'Uthman, minister of insurance and social affairs, issued a decree yesterday transferring three employees in the Social Insurance Office in al-Sharqiyah Governorate after there had been numerous public complaints about them. The three employees are 'Ali Muhammad 'Abd-al-'Aziz al-Sharbini, al-Sawadiqi Muhammad 'Ali and 'Umar Ahmad Muhyi-al-Din. Their neglect and negligence in carrying out their activity was proved and complaints about them from the citizens and people concerned had proliferated. The ministry has determined to adopt the same principle for all insurance offices in the event such complaints continue. AL-AKHBAR has learned that an investigation department is to be allocated to carry out constant followup activities on the social insurance offices and areas, with the goal of responding to their labor and equipment requirements and investigating all complaints the citizens present to them, whether they concern delayed pension payments or mistreatment. /Text/ Cairo AL-AKHBAR in Arabic 22 Nov 81 p 1/ 11887

NEW WAGE POLICY DEMAND--Mustafa Kamil Murad, chairman of the Socialist Liberal Party, has demanded that formulation of a new wage schedule be accelerated in order to narrow the difference between maximum and minimum wage levels, which should be done through regular sliding scales. He referred to the importance of preparing a precise scientific census on national income redistribution among citizens in order to study average government and public sector employee wages and review them in a manner guaranteeing that these groups' hardships will be reduced. Mustafa Kamil Murad said, "If we try in principle to distribute the national income, which comes to 20 billion pounds, among 40 million citizens, we will find that the per capita share will be 500 pounds a year and that the share per family will come to 170 pounds a month." The chairman of the liberal party added, "There is no doubt that economic difficulties have started to abate and that the Egyptian economy is improving in agriculture, industry, commerce and services. In the last 3 years, cotton output has increased 25 percent and that of wheat by 40 percent. The Suez Canal's annual revenues have reached \$1 billion and tourist income has risen to 500 million pounds a year. In addition, there is a perceptible improvement in industrial output, which makes it certain that the rates of increase in the nation's revenues will rise. It is worth pointing out that the volume of manpower in Egypt is 11 million, of whom 4.5 million

are working in the area of agriculture, 3.5 million are government and public sector employees and workers, and 3 million are working in the private sector and commercial and professional service areas. /Text/ Cairo AL-SIYASI in Arabic 22 Nov 81 p 7/ 11887

LABOR PARTY MAN SURRENDERS--Fu'ad Nushi surrendered to the socialist public prosecutor last Sunday morning. Fu'ad Nushi was the top media official in the Labor Party and was included under the detention decree last 6 September. He was not apprehended as he was sick and stayed with a relative. Last Saturday Fu'ad Nushi got in touch with Eng Ibrahim Shukri, chairman of the Labor Party, who advised him to give himself up. Nushi agreed. Eng Ibrahim Shukri got in contact with the socialist public prosecutor and with Nabawi Isma'il, the deputy prime minister and minister of the interior, informing both that Fu'ad Nushi was prepared to surrender and that he had been sick when the detention order was issued. The following day, last Sunday, Fu'ad Nushi, accompanied by Rif'at al-Shahawi, a lawyer, went to the socialist public prosecutor's office, gave himself up and was remanded to Turah Prison. The prison doctor examined him and it was discovered that he was suffering from high blood pressure, so he was moved to hospital. /Text/ Cairo AL-AHRAR in Arabic 30 Nov 81 p 1/ 11887

SAWHAJ MOSLEM COMMANDER SEIZED--Hamdi 'Abd-al-Rahman 'Abd-al-'Azim, commander of the Islamic groups in Sawhaj, was seized in hiding in Maghaghah, al-Minya. The Sawhaj commander had taken part in the recent incidents in Asyut. /Text/ Cairo AL-AHRAR in Arabic 30 Nov 81 p 1/ 11887

LAX COMPANY EMPLOYEES ARRESTED--Investigative campaigns to arrest employees who are "slipping off" from work have gone down into the streets. A file is being drawn up on an employee who was arrested during working hours in the street. /Text/ Cairo AL-SIYASI in Arabic 6 Dec 81 p 1/ 11887

PRESIDENTIAL REST HOUSE REMOVED--MAYU has learned that the presidential rest house at the Pyramids will be included in the removal decree issued with respect to all facilities erected at the Pyramid Heights. The removal decree will apply to everyone without exception. /Text/ Cairo MAYU in Arabic 7 Dec 81 p 1/ 11887

CSO: 4504/137

## PRESIDENT, PREMIER SEND NEW YEAR MESSAGES TO CHRISTIANS

Tehran ETTELA'AT in Persian 3 Jan 82 p 3

[Text] President's Congratulatory Message on the Occasion of the Christian New Year

On the occasion of the Christian New Year, a message was addressed by the president of the Islamic Republic of Iran to our Christian compatriots and all true followers of his holiness, Jesus Christ, the son of Mary, throughout the world. The complete text of the message is as follows:

In the name of God, the compassionate and the merciful. On the occasion of the new Christian year, which is the anniversary of the blessed birth of his holiness, Jesus Christ, the son of Mary, the great messenger of God, I congratulate our Christian compatriots and all true followers of his holiness throughout the world and, seeking assistance from that spirit and word of God, I wish salvation and happiness for all of them and all well-intentioned and justice-seeking human beings.

The Christian New Year begins at a time when millions of human beings throughout the world who thirst for justice, sincerity, peace, and love look with despair to the future for the lack of all these and wish for the fulfillment of the promises of his holiness, Jesus Christ, and all the messengers of truth and justice and they expect a godly order to govern their lives. In our dear country, Iran, which has received the signs of God's promises before everyone else, the fire of an imposed war by Iraq has lit the borders of this Islamic nation, instigated by world-usurping dominators, and many of our compatriots, including Christians, have offered the best of their loved ones this past year to preserve the gains of the magnificent Islamic revolution. The mixing of hot blood on the heroic borders of our beloved homeland has strengthened the unity of many years between Iranian Muslims and Christians, which has become even more indestructible. The preservation of this brotherly relationship is the duty of all of our compatriots. Presently, a number of our committed Christian compatriots have determined not to celebrate the Christian New Year to demonstrate their unity with and respect for

all those families who have lost their loved ones. In the name of the Iranian people, I thank them for this kindly gesture. I ask the Almighty for a successful and prosperous New Year for the Christians and all the people of the world under the shade of Islamic government and the rule of the Koran.

Seyyed 'Ali Khameneh'i, president of the Islamic Republic of Iran

Prime Minister's Congratulatory Message to Iranian Christians on the Occasion of the Christian New Year

Christians had a share in the Islamic revolution of Iran, as did our other compatriots.

A message was issued by Mr Mirhoseyn Musavi, the prime minister of the Islamic Republic of Iran, addressed to our Christian compatriots on the occasion of the Christian New Year. The text of the message is as follows:

In the name of the Almighty. Christians of Iran, dear compatriots, I congratulate all of our Christian compatriots on the occasion of the Christian New Year and wish you success and health in the start of this new year. The Christians of Iran have lived for hundreds of years in this vast country and over this long period, like other Iranian brothers and sisters, they have witnessed many ups and downs, the most significant of which have happened in the last 55 years. The ruthless Pahlavi regime, as the world agent and leader of the plunder of our culture and the followers of all religious and sects, practiced great injustice under which Christians, as well, were not safe. Christians, too, like our other compatriots, have participated in the Islamic revolution of Iran and, since the victory, have worked and are working to reconstruct our Islamic nation. Presently, on the battlefronts of the imposed war, there exist many cases of their being engaged, shoulder to shoulder, with their Muslim brothers, in guarding the sanctuary of the revolution and preserving its gains. Following the instructions of the liberating religion of Islam, which has always respected true Christian observances, presently, our Christian compatriots enjoy complete respect. At the beginning of the Christian New Year, I ask God Almighty to bring success to the Christians of Iran and all the God-seeking nations of the world and to make this a prosperous year for all of you.

The prime minister of the Islamic Republic of Iran, Mirhoseyn Musavi

31 Dec 81

9593  
CSO: 4640/122

MINISTER REVIEWS OVERALL PROGRESS OF INDUSTRY

Tehran KEYHAN in Persian 11 Jan 82 p 2

[Interview with Seyyed Mostafa Hashemi, minister of industries]

[Text] If it is observed that the heavy industry projects can move forward, the government will invest in these industries more than the amounts set aside in the budget.

This statement was announced by Engineer Seyyed Mostafa Hashemi, the minister of industries, in an interview with the news agency of the Islamic Republic.

First, concerning the productivity of industries and increasing the productivity of production units, the minister of industries said: The issue of increasing productivity is directly tied to political factors and fundamental resources. In other words, the atmosphere which dominates the factories and production units must be harmonious, one without disturbances. Fortunately, this has been achieved as a result of the workers' strong Islamic perception.

He added: In connection with the fundamental resources, because of the dependence of national industries on the outside and because of problems, such as ports, the war, and currency, the productivity of industries has been limited.

Engineer Hashemi pointed out that the issue of productivity must also be raised from a qualitative standpoint. Our factories must try to improve the quality of their goods because, unfortunately, in the past, quality was not an issue in our production units. Because of high demand, the capitalists did not find it necessary to improve on the quality of their products. The minister of industries also added: [as published]

In response to the question of what the solution was for improving on the Iranian industries' production decrease of 6.2 percent, according

to existing statistics, Engineer Hashemi said: The figure mentioned proves that the war has had minimal damaging effects on our country. As I mentioned, considering the fundamental disruptions, these statistics indicate the extraordinary efforts of the workers in production units in the country.

The minister of industries also said, in regards to the issue of providing raw materials for national industries: Before the revolution, in accordance with the instructions of Western countries, we were forced to use partially manufactured or fully manufactured materials from foreign industries, which, unfortunately, made our industries dependent. This is not something that can be cured in a short period of time. Such things as chemical products, textile fibers, sheet metal, and brass bars are raw materials whose production requires strong foundation industries and developed agriculture. Engineer Hashemi added: In order to deal with the dictated will of the past, we have to make use of various resources and to change certain particular sources of raw material to a variety of sources. Previously, 20 percent of our needs were provided from the United States, the same amount from the FRG; on the whole, 95 percent of the raw material was needed from the Western bloc. Presently, changes have been made in providing these needs and some of these materials are provided domestically while the rest come from countries not dependent on the Western bloc.

In response to the question of what has been done by the government to attract investment, given the fact that in the industrial sector, no investments are made by the private sector or even the government and considering the attrition of the equipment, the minister of industries said: In the past, also, the private sector did not invest in the production sector. The investments by the private sector were, in fact, indirectly related to government investments. At the present time, the government has eliminated this type of private investment or, in other words, dependent capitalism. But the healthy, small, private sector is engaged in production through investments and the permits issued by the Ministry of Industries and even the already created units which do not have permits prove this point.

The minister of industries added: Presently, the government sector is engaged in investing in production. For instance, in the national budget for next year, special attention has been given to industrial projects, including the steel industries of Ahvaz and Mobarekeh, the steel mill of Esfahan, copper industries, petrochemical industries, machine manufacturing, tractor manufacturing, ship building, and other essential industries, and their development is being planned. The government makes sufficient investments in the main, essential industries. Also, the existing factories are being renovated and the renovation of industries is being taken into consideration by the government.

Engineer Hashemi pointed out: In developing heavy industries, progress safeguards development. In other words, the greater the capacity our colleagues in this sector have for progress on a project, the more necessary resources the government will put at their disposal. These resources may even be more than the amount allocated in the budget. In other words, in contrast with the past, when unrealistic figures not conforming to development models were given in the budget, we do not intend to cite unrealistic figures for industrial investments. But, we announce that we are open to such investments, if necessary. Concerning the government actions to eliminate industrial dependencies, Engineer Hashemi said: A part of this job concerns the government sector and a large part concerns the public sector. The government must establish the essential parent industries. The necessary and sufficient condition for achieving industrial independence is the establishment of these industries. In this connection, the role of the public sector is for all those who work in industries in the society to have the courage to change and make use of the national resources and eliminate the comfort-seeking nature which, unfortunately, has penetrated the people's minds over the course of many years. The minister of industries added: For example, whenever we come to an impasse, our comfort-seeking inclinations tell us to solve the problem by importing equipment from abroad or by using foreign experts. Whereas, if the spirit of independence and self-sacrifice, which is manifested in the martyrdoms nowadays, exists among the industrial workers and consumers, it will accelerate the movement of the society towards deep-rooted self-sufficiency. Our people must try not to prefer what is made abroad, even if it is the best, to lower quality, domestic products. Concerning the priorities in national industries, the minister of industries said: Planning for agricultural development, which is directly tied to industries, making use of essential metal mines and the production of chemical products are given basic priority. In this area, we are even more behind in agriculture and mines than in other areas. In the previous regime, some work was done in the steel and copper industries, which must be expanded through correcting the previous methods.

Also, the operation of partially completed industries will be an effective step towards self-sufficiency. In conclusion, Engineer Hashemi pointed out the importance of the training of the cadre, industrial workers, and managers and expressed hope that with the implementation of training plans, which are being studied in the Ministry of Industries, industrial knowledge will spread throughout the country and it is hoped that the existing deficiencies will be eliminated.

9593

CSO: 4640/119

GOVERNMENT TO TAKE OVER IMPORTING MEDICINES

Tehran KEYHAN in Persian 11 Jan 82 p 2

[Interview with Dr Niknezhad, deputy minister of medicines and public health]

[Text] Rasht--In implementing Article 44 of the Constitution and on the basis of the generic plan, foreign trade and the importation of medicines will come under government control throughout the country starting in May of this year. Dr Niknezhad, deputy minister of medicines and public health, who has traveled to the Province of Gilan as head of a commission to study the new scientific medicine system, said in an interview with the news agency of the Islamic Republic:

In the course of the next 5 months, on the basis of the generic plan, 80 percent of the medicines used by the people will be distributed by government medicine companies. In order to eliminate artificial shortages, in some provinces, with the cooperation of distributing companies and the general managers of regional health organizations, the headquarters for the distribution of medicines was formed three months ago, made up of the representatives of the regional health organizations, the governor-general's office, revolutionary institutions, and the five distributing companies, which control the distribution of medicines to the pharmacies and health care institutions in the province.

He also added: We are trying to implement this new medicine system to ensure a just distribution of medicine as soon as possible. For this purpose, the five government distributing companies are responsible for the distribution of medicine throughout the country, following a two-year plan. With the planning which has been done, in the next six months, all these problems will be eliminated. The deputy minister of medicine of the Ministry of Health continued: Last year, about 40 billion rials was spent on medicine in the country. Given the war conditions, the war migrants, and the Afghan

and Iraqi refugees who have come to Iran, this figure will increase this year.

Asked, with the start of the imposed war, which countries have been asked to help us with medicines, Dr Niknezhad said: During the 16 months of the battle of right against wrong, the Islamic Republic of Iran has not officially asked any country for aid and will not do so. Thusfar, there have been no shortages in this regard. Of course, some friendly Moslem countries have given us some help, which we have accepted in case of need. Concerning bringing help to the war fronts, he said: Since the beginning of the war, for the four provinces involved, we have considered additional aid. Through the headquarters for emergency aid to war victims, established by the Ministry of Health, we provide for all the needs on war fronts.

In conclusion, Dr Niknezhad expressed appreciation for those sisters and brothers who have helped carry out the generic plan and said: Those pharmacies which go against the law can be shut down by the general manager of the regional organization of health in every province and new pharmacies opened by the government in their place to provide the necessary medicine for patients.

9597

CSO: 4640/119

## SUNNITES SAID TO FAVOR REVOLUTION

Tehran KEYHAN in Persian 11 Jan 82 p 13

[Interview with Dr Mohammadi, governor-general of Sistan/Baluchestan]

[Text] In an interview with KEYHAN in connection with Unity Week, which was proposed by the revered religious jurist, Ayatollah Montazeri, Dr Mohammadi, the governor-general of Sistan and Baluchestan, said: Essentially, the secret of the victory of the Islamic revolution was based on unity. If we study other revolutions in the world, we see that three principles or dimensions always exist in forming a revolution. If these three dimensions, which consist of leadership, ideology, and the people, are sufficiently unified and organized, the victory and continuation of the revolution is guaranteed. Compared to other revolutions in the world, the Islamic revolution of Iran had a particular advantage, since all three dimensions enjoyed a very exaulted unity. The unity among the leadership had reached perfection; ideological unity under the human creating ideology of Islam embodied 98 percent of the society and the people were all of one voice. All strata of the society, including farmers, workers, employees, students, bazaar merchants, in short, all strata, were part of this revolutionary movement. Because of this unity and social organization, our revolution came to fruition very quickly. After the victory of the revolution, because of continuity, this unity in all three dimensions enabled us to resist all the conspiracies and uproot domestic counterrevolution as well as the superpowers. It was able to crush those conspiracies and rise up healthier and even more proud. Hence, the issue of unity in this revolutionary movement is not something new for us. But, for certain, the wounded enemy, headed by the Great Satan, the United States, will not stand still at any price. It knows that only by imposing a policy of discord and domination, which has been the old doctrine of colonialism, can it succeed. It has no other choice. And since it has achieved no results from movements in the names of peoples and nationalities, and it has been unable to strike against the revolution by raising different ideologies, such as nationalism, liberalism, and Marxism, it hoped, in its own mind, to strike out through causing discord among the various Islamic sects.

The Ta'ef conference and the Kissinger plan are known to everyone. On the basis of this plan, they want to refer to this revolution as a Shi'ite revolution and believe, or try to make it seem, that the Sunnites are not involved in the revolution. In this way, they would like to restrict the revolution to Iranian society and prevent it from being exported. To do so, they raised the issue of an Islamic Baluchestan, which, in their opinion, would result in a Saudi Arabia-style government in this region. Ayatollah Montazeri proposed the idea of Unity Week in time to neutralize this conspiracy and to show that our revolution is not a Shi'ite one but an Islamic revolution and that our Sunni brothers are saying the same thing that we are. This was welcomed by all strata, especially our Sunni brothers, throughout the country, particularly in the Province of Sistan and Baluchestan.

The Province of Sistan and Baluchestan has a singularity which has attracted the attention of the counterrevolution. This province has 1,800 km of land and sea borders with various neighboring countries, while Persians, Baluches, Shi'ites, and Sunnites have lived together in peace and brotherhood for many years, and still do. This is an interesting testing ground for both the revolution and the counter-revolution. For the Islamic revolution, in the sense that if we succeed in our plans of brotherhood and unity and in our development plans to eliminate the deprivations of the oppressed in this province, we will have created an interesting model for Shi'ites and Sunnites living together like brothers in the Islamic region of the Middle East. The counterrevolution also realized that if it could succeed in its plots and conspiracies there, begin bloodshed in this region, and make an excuse and a tool of the ethnic, racial, and religious differences for its sinister actions, it would achieve some success and the revolution would stop there. As long as we speak of exporting the revolution, when we speak of the universal government of Islam, we must be able to show how various sects of Islam live together. For this reason, I have called the Province of Sistan and Baluchestan the eastern gate for the exportation of the revolution. And the accurate information that I have obtained proves that the Muslim brothers in Pakistan, Afghanistan, and the sheikdoms are watching us to see what the result of our actions, movements, and implementations of revolutionary plans will be. Hence, the importance of this province is clear to everyone in terms of unity, the exportation of the revolution, and neutralizing the conspiracies of the counterrevolution. Fortunately, during the three years since the revolution, not only has this unity been preserved through the alertness of the Shi'ite and Sunnite spiritual leaders and the self-sacrifice of the government authorities and revolutionary institutions, but it has also expanded day by day. The evidence clearly shows that our Sunni brothers are becoming more and more hopeful and have more faith in the revolution and welcome the government plans. For instance, the participants in the presidential elections have increased and the reception of the Sunni brothers to the idea of taking part in the

western war against heathenism on the Islamic front is unbelievable. The numbers of volunteers to take part in the mobilization have increased in comparison to many other provinces. The government authorities have also made an effort, and will continue to do so, to strengthen this unity so that it will blossom towards the realization of the goals of dear Islam.

Concerning ways to strengthen this unity, the governor-general of Sistan and Baluchestan said: In our region, unfortunately, our people are deprived of two important principles, namely, a rich culture and a rich economy. Because of cultural and economic poverty, the authorities must put forth much more effort. In a traditional, tribal society which has been dominated by dependent and oppressive khans, in a society of more than 90 percent illiteracy with a large stratum still living primatively, and in which colonialism has, for many years, spread seeds of disunity and enmity, we have a great responsibility to eliminate this imposed factor. We are dealing with a very good-hearted and sincere people who thirst for kindness and desire a calm and brotherly live. To strengthen this unity, it is necessary for us, firstly, to cure the cultural and economic poverty governing this society through the implementation of appropriate plans. Secondly, we must avoid raising disuniting issues and emphasize common thoughts and beliefs. Thirdly, we must try to respect their beliefs and what is sacred to them, as we would have them respect ours. We must avoid using insults and abusive language regarding what they consider sacred. Of course, in this connection, it is also necessary to seriously purge the colonialist culture; that is, we must purge books and customs that colonialism has injected into these two great strata of Islamic society and true Islamic culture to create disunity. In this connection, the role of the progressive Shi'ite and Sunnite spiritual leaders is very important and it may be necessary to hold seminars concerning this important issue.

9593

CSO: 4640/119

TV COVERAGE OF NEWS CRITICIZED SEVERELY

Tehran ETTELA'AT in Persian 22 Dec 81 p 2

[Text] The issue of TV as the most expansive and popular means of commercial media of the country has been one of the complex problems of our society since the beginning of the revolution. The various dimensions of this subject and the hundreds of daily letters of complaint about the programs of this important media is a lengthy debate by itself and there is no time for that here. The main issue in this article is news coverage as it has been said that it is more successful than other TV programs. Our following criticisms are the reflections of the people's opinion of TV news coverage which as mentioned is the most popular TV program.

1. The first question is why the notable director of TV news does not differentiate between TV and radio news? Has the huge TV apparatus with its vast expenses and possibilities and its complicated and advanced transmissions fulfilled its duties as an audiovisual media especially in the field of news coverage? The people who turn to the TV program, the Vision of the Islamic Republic of Iran with the hope of viewing live, filmed and reliable news see no other "vision" but the blessed face of the announcer? For example, if you noticed last night's TV coverage about 25 minutes of the first part of the news (minus the usual emblem which lasted more than 3 minutes and has not changed for the last year and half) consisted of only 1 or 2 minutes of newsreel from one simple interview. The total content of last night's news was only two interesting newsreels. One was about Lebanon and the other related to the happenings in Poland and both were prepared by foreign news broadcasts and sent via satellite. This is the story every night and one dares to say that if it were not for live satellite transmissions radio news would be more interesting to hear.

It is appropriate to ask the officials of the information unit and TV news coverage what the filmmakers and reporters are doing? Is there any interesting news in Iran? Isn't it possible to transmit live news or to take films from interesting scenes of the news? To answer, it is enough to glance at telexes of the world's news agencies and the reflection of the news from Iran (although they are altered and tampered with) and the world reactions about Iran's affairs. The expansion of the activities of the foreign reporters in Iran and the bulk of the various pictures and films made before the limitation of their

activities speaks clearly about the sensitive and newsmaking Islamic Republic of Iran and the possibilities of extensive news coverage for any mass media, especially TV.

In any case with all these explanations, if the TV officials think they cannot prepare better coverage of the news it is better to put the people's minds at ease completely and deprive them from local news coverage and make them content only with the coverage of foreign news and refer news lovers to the radio coverage of the news.

2. Another important question is the quality, selection and presentation of the news. TV news coverage at present lacks any kind of variety and is stiff, formal, and ceremonial. It seems that the officials of this department are more interested in satisfying the high authorities and personalities of the country (who are liked and respected by us too) than the people. In other words, they are more concerned with giving priority to certain high ranking officials making headlines of what the people are eager to hear and to news that as a rule is important from the point of quality, to the country and the world. In this way, naturally when the important and interesting news from the people's point of view is less important than ceremonial news, gradually the people lose interest in news coverage and show less enthusiasm for the news.

There are many examples of this. For example on last night's TV news all the short, meaningful and popular news was placed at the end of the broadcast. Instead about 13 minutes at the beginning of the news coverage was allocated to an interview with the Prime Minister. With all due respect to our popular and capable Prime Minister Mr Musavi, we imagine the broadcast of his detailed and lengthy interviews every night is harmful to the government of the Islamic Republic and decreases the value of the news for the people and makes it repetitious, ceremonial and insensitive.

In reality, to respect a Prime Minister it is not enough to narrate his speeches and interviews, repeatedly and regularly, without summarizing or selecting its important points.

We remember how the fugitive Bani-Sadr restrained himself from radio and TV interviews by making vain excuses. This produced in the public a special desire to hear news and read newspapers to find out about him and in this manner attracted a larger number of people to him.

The task of the relation and political considerations of news programs sometimes gets out of bounds. For example, one of last night's news segments was about a request to the press by the office of public relations of the prime minister, to send two copies of their publications to the above-mentioned office. This means that a TV broadcast which covers 10 million viewers gives news which can concern at the maximum a few hundred people all over Iran.

With these explanations it is very easy to answer why TV coverage of news cannot attract the people's attention properly. If the TV officials intend to create a popular and influential media among the masses they must pay attention to priorities and it is appropriate that the enthusiastic and zealous officials view TV from the perspective of the people and God forbid, not have improper expectations from the media. Hopefully, this information and instigation will make the publicity media more efficient.

SHARON SAID GAINING STRENGTH AS SUCCESSOR TO BEGIN

Tel Aviv HA'ARETZ in Hebrew 30 Oct 81 p 13

[Article by Yoel Marcus: "The Heir"]

[Text] Gradually, with small cautious steps, Mr Ariel Sharon is moving closer to the unofficial status of heir apparent. It was amazing this week to see how he stole the show from Begin, from Burg, and especially, from Foreign Minister Yitzhak Shamir, who was said to be the "adversary" to Hasan Kamal 'Ali, foreign minister--not defense minister--in the Egyptian government. His face, emanating Sharon's exuberance, filled the television screens and dominated the entire visit. He reigned over the talks with a sure and professional touch and established a positive atmosphere. Hasan 'Ali would not have left here so content and satisfied had Sharon not assured him that the Egyptians should not get upset about the agitation and threats in Pithat Rafiah. His English sounds like an imitation of Shayka Ofri, but it is no worse than 'Ali's. What is important is that the right words were spoken in the right places, with the correct emphasis and smile; he played the Arab ("Handelakh") better than the Arabs themselves. Abu-G'ilda of the eighties. The fact is that, this week, Sharon's role as Israel's chief negotiator with Egypt was established. There is no doubt that, at present, he is the primary force pushing for Israel and Egypt to arrive at a basic agreement about the kind of autonomy even before the withdrawal. In the upcoming visit to Egypt, during which one can assume that Burg and Shamir will remain once more in the shadows, Sharon will pave the way for a summit between Begin and Mubarak in Israel.

Dayanization of Sharon

Many have spoken lately of the Weizmanization of Sharon. The truth is that this brilliant turn of phrase has no relation to reality. Weizman was swept up on the wings of doves in an emotional and spontaneous wave. With Sharon, everything is thought out. What he feels in his heart when he is alone at night, no one knows at this moment, and anyone's guess is good. If people want to compare his situation with that of other figures we have known, it would be more correct to say that, at present, he is like Dayan was in relation to Golda Meir. "Honor him and be suspicious of him." This is, of course, progress from the position of "suspect him and suspect him" that he was in 'till a year ago. Actually, Sharon's situation is much better than Dayan's was in his time. Dayan did not have a chance of succeeding Golda Meir in his party, whereas Sharon's chances

of filling Begin's shoes seem today to be more than reasonable. Begin is the last charismatic figure remaining on the political scene. After him, Sharon is clearly above anyone available in all the parties. That the polls show him to be the most popular minister is only the beginning. In looking to the future, it also appears that Likud will not have much choice. Even if the Treasury Ministry were a hothouse for prime ministers--and that is not the case--Aridor does not seem a likely heir. The fact is that he is at present largely in Sharon's hands. Without continued defense cuts, the Treasury Minister's cards would all have to be reshuffled. David Levi will always draw lots of votes in second place, but he lacks--and he is aware of this--the political defense dimensions required for a prime minister in Israel. As for Meridor--Meridor? Was there a Meridor (asked the band of the pale explorer)?

Sharon has for several months been successfully walking on hot coals and on eggs, and his legs have not grown lame nor have the eggs broken. Considering the fact that for years he was the "enfant terrible," his loyalty to Begin goes beyond that of Dayan's to Golda Meir. Some say that he sometimes phones him 10 or 20 times a day. Few pay attention to the fact that there has been a dramatic reduction in leaks from the government. There may be nasty explanations for this fact which are not flattering to Sharon, but one of the reasons is that many important matters are decided upon at present in a very small forum, for the most part between Begin and Sharon. The resignation of Brigadier General Foran Shakla'a, at Sharon's request, has made Begin totally dependent on Sharon's defense perspective. The defense minister knows that the path to inheritance must pass Begin's good will and blessing. In the U.S., some got the impression that Begin was presenting Sharon as his successor. Perhaps they were exaggerating the signs of respect and esteem which Begin showed him. Certainly, it would have been extraordinary for Begin to say at the ceremony of the exchange of defense portfolios, "You are accepting a man who is better than me." Has Begin ever said anything like that about anyone?

It is likely that Begin's rationale in appointing Sharon as defense minister was the desire to neutralize the most dangerous man on his right flank, to let the cat guard the cream. Sharon, however, is trying to make the most of the fact that he has been placed in a national post. In the defense establishment, there are those who fear him, but there is general agreement that someone is "boss". Even the chief of staff has accepted this fact. The prediction that Sharon would surprise people has been confirmed because it was not a prediction but, rather, his calculated decision. He speaks little and tries to be balanced. Following his trip with Begin to the U.S., he left a trail of good impressions. In Washington, hopes are pinned on his strength (and perhaps also on the opportunism attributed to him). Only people who are strong and radical are capable of making extensive concessions. Newspaper editors who come out of meetings with him are impressed by his restraint and his soberness. There is the impression that recently he has begun to keep distance from his close personal assistants when he sees them causing damage with their zealousness.

#### A Communication Offensive

His approach to the position was well thought out: a communication offensive with those working on the West Bank with the idea that an atmosphere of communication must be developed because "we have to live with them." Very few people

are willing to swallow the assumption that Sharon has suddenly become a liberal. He is an iron fist, they say. Newspaper editors who come out of meetings with him are impressed by his restraint and his soberness. There is the impression that recently he has begun to keep distance from his close personal assistants when he sees them causing damage with their zealousness.

However, there is no data to prove the opposite. His next test will be in Pithat Rafiah. Both Begin and Mubarak, doves and hawks, are pinning their hopes on him. Correct and smooth handling on his part in this critical situation will bring him one step closer to the inheritance. Meanwhile, his influence has grown in the government. At present, the foreign minister speaks in accordance with Sharon's guidelines, namely, that Jordan is the homeland of the Palestinians. How Sharon will carry out his ideas tomorrow or the next day--that only Sharon knows. Will he work for dialogue with the PLO about the Palestinization of Jordan? Will he go to war in order to "clear" a homeland for the Palestinians in Jordan? Sharon is seen as someone who has committed himself to not returning the West Bank. If he does not stick to that, he will surely not receive Begin's blessing. But Sharon is also a pragmatist. He understands the importance of American support. He knows that communication does not go with iron fists but rather with concessions. Being an unpredictable man whose political world is in the process of clarification, Sharon's epoch, which we are entering, will be full of riddles, question marks, and surprises.

Some time ago, Amitai A. Schweitzer coined a saying with reference to Sharon. "A leopard will not eat grass." But was it not Begin who used to say in street meetings that, if God wants it so, even a broom will shoot? Well then, a tiger will surely eat grass and maybe even dove salad in order to become a lion.

9348  
CSO: 4423/49

ECONOMIC, ETHNIC GAPS ANALYZED

Tel Aviv HA'ARETZ in Hebrew 2 Nov 81 p 11

[Article by Amnon Rubenstein: "What Happened to the Gap?"]

[Text] Recently, a modest little pamphlet has been published with a big story and astonishing facts behind it. I am referring to the annual study by the Institute for National Insurance for the year 1980 carried out by Leah Ahdut and Menahem Karmi. In the pamphlet, there is an abundance of data, charts, and diagrams presented in academic language. Clearly, such a pamphlet is not the kind to be fascinating to the general public, but behind the data and the charts is a clear and decisive answer, one which puts an end to the big controversy which raged during the entire period of the 9th Knesset. It gives an unequivocal answer to the question of what has been happening lately to social gaps which are, of course, also ethnic gaps in Israel.

During a 9-year period, from 1969 to 1977, there have been signs of a clear and noticeable decrease in the extent of poverty among wage earners in Israel. Since the government began to make payments in Israel in the form of pensions and annuities, the number of poor in our country has dropped continuously. The drop is twofold: fewer people live on the edge of poverty and below it, and the gaps between the poorest and the richest people have narrowed. In 1969, for example, allowances reduced the extent of poverty among laborers' families from 10.1 to 6 percent and, in 1977, the final year before Likud came on the scene, the extent of poverty among these families was reduced in this way from 9.7 percent before the payments to 2.8(!) percent after they were instituted. In that same year, what especially stands out is the improvement in the condition of families with many children. Eighty-eight percent of the poor families with six or more children were removed from the cycle of poverty--thanks especially to the funds for children. Compare this to 38 percent in 1969. This is an impressive process in terms of its assumptions for any society. It is especially impressive when one remembers that, during those same years, Israel went through a difficult and costly war and that the conditions of our market worsened a great deal during that same period with the increase in oil prices. Especially noteworthy in the year 1977, a year in which the Treasury Minister of that time, the late Mr Yehoshua Rabinovitz, succeeded in reducing inflation noticeably and, at the same time, in improving the economic status of the poorer strata of the population. It is no accident that these were also, generally, growth years for the economy.

What has happened since then? Let the national insurance pamphlet speak for itself: "In the years 1978-1980, the progress achieved from 1969-1977 reversed itself completely. The effect of the transfer funds on the reduction of poverty has to bring it down to the level that it had been in the early 70s. In 1980, the payments removed only 44 percent of the poor from poverty levels as compared to 71 percent in 1977."

Given that this astounding rise in the extent of poverty took place at a time during which the standard of living continued to rise, it is no wonder that the national insurance data indicate also that, as of 1977, the index of inequality rose substantially. Another thing which stands out during this period is the erosion in the level of minimum wages which reached 22 percent by the end of 1980. About the average wages: "This is the lowest level," says the report, "since the establishment of the minimum wage in April 1972." No more, no less!

This severe deterioration in the situation of the lower strata is expressed in many other pieces of data. The percentage of families living under the poverty line after transfer payments has been rising from 2.8 percent in 1977 to 6.6 percent in 1980. "In 3 years, the incidence of poverty has more than doubled and is at the same level that it was in the early 70s" says the report.

Especially hard hit are the families with many children. The number of poor children under the Likud government more than doubled from 3.8 percent of the population of children in 1977 to 8 percent in 1980. In families with many children, the situation has been even worse. Again, the pamphlet gives the dry facts: "The incidence of poverty, after transfer payments, for families with 4-5 children, rose from 4.6 percent in 1977 to 11.7 percent in 1980. In families with 6 or more children, the situation is even worse. The incidence of poverty during this period rose almost fourfold from 6.7 percent in 1977 to 25 percent in 1980."

Three years and the incidence of poverty at the bottom of the social ladder increases fourfold! Years of gradual progress and reduction of poverty go down the drain through the disastrous management of the Likud government!

The pamphlet is full of other bits of frightening data, and it also presents the well-known explanation for this deterioration. In an inflationary economy, transfer payments cannot catch up with the dizzying rate of increase in the index. We can add too that wild inflation of the kind under Likud only permits the most solid social class in the population to protect itself by clever means.

The fact is that, toward the end of 1980, the reduction in the allotments for children began to be curbed by updating four times instead of twice a year, and a new system was instituted to prevent a drop in the minimum wage; 1981 was also the year of bribing the voter, and we can guess that the torrent of contributions which the Treasury poured out reached all the salary levels. Some expect that, because of these processes, there will be a drop in the degree of worsening, but no one anticipates a change in objectives and a return to the progressive years of 1969-70. Furthermore, in contrast to this relative restraint, we should keep in mind that the Likud government in 1981 eliminated some taxes which fell only on the wealthy stratum of the population--inheritance tax on

apartments and stores and estate tax. The cancellation of these, which the poor did not have to pay anyway, will not add anything to the narrowing of the gap.

What can one say in face of these data? One can say a few things to Dr. Israel Katz, Minister of Labor and Social Betterment during these bad years. Dr Katz carried the flag of narrowing the gaps and the standard of equality, and with that flag he wandered from party to party: from MAPAI to RAFI; from there to DASH; from DASH to the Democrats; from the Democrats he joined Dayan's bandwagon in Talam. And, despite his being a member of this oppositionist faction, he remained till the last moment a minister in Begin's government. All in the name of "social betterment."

It is here we discover that, during the years when Dr Katz was responsible for matters of social betterment, significant increase in the growth of poverty and inequality took place. And while Dr Katz was carrying on his political maneuvers, changing parties like other people change their underwear, the incidence of poverty increased fourfold among families with six or more children! The more you look at the national insurance data, the more it becomes clear what an ugly chapter Dr Katz has written in the political and social history of Israel.

Something should also be said to the prime minister, to Mr Menahem Begin, the man who coined the phrase "to thrive along with the nation." The data show that his government did not thrive with the nation but only with one specific stratum within it. That same government which brought about such a noticeable worsening of Israel's economic condition, increased its debt to foreign forces and its dependence on them, turned the lira into the shekel-lirata, sent the economy into an inflationary spiral, and turned speculation into a national sport, is also the government which has widened the gaps, has increased poverty, and has been cruel to our poor. Inflation is not only an enemy of the economy; it is also the enemy of society.

The truth is that we all know that the same social stratum which has suffered the most from this policy is also the one which shouts "Begin-Begin" in the town squares. But, when these cries die down, we will still be left with this time bomb and this distress which the Likud government has given us.

9348  
CSO: 4423/49

ISRAEL

BRIEFS

NEW BEDOUIN SETTLEMENTS--"At a time when the whole Middle East is erupting all around us, the State of Israel is able to assure peace and freedom to all its citizens," said Deputy Prime Minister and Minister of Construction David Levi yesterday in a ceremony during which he was granted honorary citizenship in Rahat, the Bedouin town in the Negev. David Levi added that the energetic activity of the place proves that Jews, Arabs, Druze, Circassians, and Bedouins live in Israel in equality; and, apart from the services that the state provides for all of them, an effort is being made to benefit its citizens according to their ability and to the effort which they put in. He said that, in the future, five more urban settlements will be established with Bedouin populations using Rahat as a model. Last year, the first municipal authority of a Bedouin settlement in the state of Israel was established in Rahat. At the head of the appointed committee is Aryeh Bar. Greeted at the ceremony were the advisor to the prime minister on Arab Affairs Binyamin Gur-Aryeh, the man appointed over the Southern district, Yesha'ayahu Barzel, and the chairman of the company "Housing and Development," Yehoshua Matza. [Text] [Tel Aviv MA'ARIV in Hebrew 22 Oct 81 p 3] 9348

CSO: 4423/49

GENERAL GOALS OF 5-YEAR PLAN REVIEWED

Beirut AL-IQTISAD WA AL-A'MAL in Arabic Jul 81 p 35

[Article by Marwan a-Sharidah: "The New Jordanian 5-Year Plan: 2.8 Billion Dinars, with 75 Percent of the Financing from Foreign Countries:]

[Text] The Goal Is 10.4 Percent Annual Growth and 21 Percent of the Investments for the Industrial Sector.

Amman--The new 5-year development plan is characterized by its ambitious objectives and by the fact that it avoids the negative features and obstacles which limited the effectiveness of the previous development plan. The total outlay of the plan is 2.3 billion Jordanian dinars according to 1980 prices, and 2.8 billion dinars according to current prices. The economic sectors have been allocated 70.1 percent of the investments. The sector of industry and mining received 604 million dinars (21.57 percent), agriculture received 214 million dinars, water services and irrigation received 338 million dinars, electricity received 163 million dinars, tourism received 54 million dinars, trade received 33 million dinars, transportation received 463 million dinars, communications received 93 million dinars, education, culture, and the media received 215 million dinars, public health received 68 million dinars, and housing received 338 million dinars.

The objective of the plan is to achieve an annual growth of 10.4 percent in the GDP and to effect a change in the structure of the national economy which would favor the commodity production sectors so that their share of the GDP will increase from 38.8 percent in 1980 to 44.8 percent in 1985. The plan also has the objectives of effective participation in the decade of Arab development, consolidating economic activity and Arab developmental integration, especially in infra-structure projects, increasing domestic revenues in the general budget to 100.4 percent in 1985, and bringing the ratio of the deficit in the balance of goods and services with foreign countries down to 41.5 percent.

The plan also seeks to increase exports of goods and services at a rate of 20 percent annually as compared to an annual increase of 12 percent in the importation of goods and services, so that the ratio of the deficit in the balance of goods and services to the GNP will decrease from 52 percent in 1980 to 41.5 percent in 1985.

The plan also has the objective of increasing income from the industry and mining sector from 154 million dinars in 1980 to 335 million dinars in 1985, according to 1980 prices--that is, a total increase of 117.5 percent, and with an annual growth of about 17 percent.

These rates of growth will be achieved by completing the industrial and mining projects which began to be implemented during the last 5-year plan. They will also be achieved by developing chemical industries which rely on phosphates and potash as raw materials and by expanding the cement industry as well as the medium-size and small-size manufacturing industries.

As for the agricultural sector, the plan aims at achieving an increase in income from this sector of about 40 percent over that of 1980, that is an annual rate of increase of 7 percent.

The plan has the objective of increasing income from the two sectors of electricity and water supply from 8 million dinars in 1980 to 17 million dinars in 1985, with the annual growth rate being 16.3 percent. This increase will be achieved by expansion in the generation, conveyance, and distribution of electrical power as well as the development of water resources for agricultural, industrial, and home consumption purposes.

The plan has the objective of increasing income from the services sector--which includes transportation, trade, financial institutions, ownership of dwellings, public administration, defense, social services, and other personal services--from 431 million dinars in 1980 to 689 million dinars in 1985, that is, a total increase of 48.3 percent, with an annual rate of increase of 8.2 percent.

Although the deficit in the balance of goods and services in the balance of payments will increase from 525 million dinars in 1980 to 653 million dinars in 1985, its ratio to the GNP will decrease from 51.9 percent to 41.5 percent, consecutively. Although imports of goods and services will increase at an annual rate of 11.9 percent, exports of goods and services will increase at an annual rate of 19.8 percent due to expansion and diversification of national exports, increased income from tourism, and remittances sent from abroad by Jordanian workers.

#### Financial Bases for the New 5-Year Plan

The most important bases of the financial policy of the 5-year development plan are the following:

1. Increasing the government's current domestic revenues at an annual rate of no less than 20 percent.
2. Continuation of the level of financial aid provided by the Arab countries to the general budget--this level being 244 million dinars per year. This means a total of 1.22 billion dinars during the 5 years of the plan, constituting 43.5 percent of the outlay of the plan which totals 2.8 billion dinars at current prices.
3. Contracting foreign loans, at easy terms, amounting to no less than 880 million dinars during the years of the 5-year plan. A portion of these loans should be channeled into participation in financing joint projects with the private sector on the basis of participation in their capital in the form of loans. Foreign, Arab, and international financing provided for the 5-year plan thus totals 2.1 billion dinars, that is, 75 percent of the outlay of the plan (according to 1980 prices).

4. Keeping a lid on government expenditures so that they do not exceed 12.5 percent during the first 3 years (1981-83) and 10 percent during the years 1984-85.
5. Increasing the government's capital expenditures from 37 percent of the overall total in expenditures in 1980 to 45 percent [of the overall total in expenditures in 1985].

9468

CSO: 4404/28

## MONETARY DEVELOPMENTS DISCUSSED

Beirut AL-IQTISAD WA AL-A'MAL in Arabic Jun 81 pp 98-100

[Article by Hisham Basat: "Monetary and Banking Development in Jordan"]

[Text] In the Space of 5 Years Deposits Have Increased Four-Fold and Credit Loans Have Tripled. Jordan's Banking System Consists of 16 Commercial Banks, 2 Investment Banks, and 5 Specialized Banks.

During the last quarter of a century Jordan has witnessed great development in its banking and financial sector. In 1950 the banking system included only two banks, one of which was Jordanian and the other of which was British. Authority for monetary matters was in the hands of the Jordanian Monetary Council, the role of which was restricted to maintaining pound sterling assets corresponding to exported Jordanian dinars. But in 1964 Jordan came to have a central bank which undertakes all the tasks and responsibilities generally undertaken by central banks in advanced countries. In addition to this, by 1980 there were 16 commercial banks in Jordan. Of these banks, eight are Jordanian banks, three are Arab [non-Jordanian] banks, and five are foreign banks. Jordan has also come to have specialized credit institutions and the AMMAN financial market.

### I. Monetary Situation

Jordan's experience in the financial market is considered to be quite recent when compared with that of other countries. The issuing of Jordanian currency began with the proclamation of the country's independence and with the regulation of the banking profession which took place with the issuance of the Central Bank Law of 1959. However, the Central Bank did not begin to function until 1964.

#### 1. Monetary Unit

Jordan's monetary unit is the Jordanian dinar which was issued 1 July 1950 at an exchange rate equal to the pound sterling, that is, equal to \$2.8. Until the collapse of the "(Brighton Woods)" system, the Jordanian dinar maintained a fixed exchange rate in accordance with the U.S. dollar. But since February 1975 the dinar has had special drawing rights at a rate of exchange equal to 2.57895 special drawing rights' units for each dinar. Every day the Central Bank of Jordan determines the exchange rates of principal international currencies in relation to the Jordanian dinar, and this is done by using the exchange rate of the U.S. dollar with special drawing rights.

## 2. Money Supply and Liquidity

The monetary and liquidity situation in Jordan underwent a great deal of development during the period 1976-80, as is shown by Table 1.

The figures of this table, which deal with the period 1976-80, show us that there was an increase of approximately 250 percent in money supply, domestic liquidity, and total liquidity. Also, the ratio of money in circulation to the total mass of money increased from 58.5 percent in 1976 to 61 percent by the end of 1980. During this same period there was approximately four-fold increase in near-money. But, at the same time, government deposits remained low, not exceeding 6.2 percent of the total liquidity.

## II. Banking Situation

Development of Jordan's banking and financial sector was not restricted to merely quantitative growth in terms of an increase in the number of [banking and financial] institutions and an increase in the volume of deposits and credit. This development also included qualitative growth, which was represented by the establishment of new specialized institutions and new monetary and financial agencies.

### 1. Central Bank

The Central Bank of Jordan began functioning 1 October 1964. In doing so, it was the successor to the Jordanian Monetary Council which had been established in 1950. The following are the main tasks of the Central Bank:

- A. The bank issues and regulates currency.
- B. The bank administers gold and foreign currency reserves. The Central Bank has striven to gradually liberalize the laws concerning controlling foreign currencies. At the present time there are virtually no restrictions on current payments which can be undertaken directly by commercial banks. But there are still restrictions on capital transfers.
- C. The Central Bank functions as a government bank and administers the public debt consisting of treasury bonds and government bonds.
- D. The Central Bank functions as a bank for licensed banks and specialized credit institutions.
- E. The bank exercises control over [the other] banks and regulates their activities.
- F. The bank utilizes its interest policy (in terms of its structure and level) in order to channel credit, mobilize savings, and correct the structure of deposits to favor long-term deposits.
- G. The Central Bank plays a role in economic development. Since the Central Bank's establishment, its tasks have developed and it has begun to contribute, both directly and indirectly, to the process of development in Jordan by means of the creation of financial and monetary institutions capable of accumulating savings and channeling them toward the financing of development projects, regulating the

the activities, types and costs of bank credit, and strengthening the confidence of foreign countries in the stability and soundness of Jordan's currency.

## 2. Commercial Banks

Commercial banks have been in existence in Jordan since 1925 when the Ottoman Bank (which began to be known as the "(Krendliz)" Bank in the mid-seventies) began to do business in the country. Then the Arab Bank, which was established in Jerusalem in 1930, became the first national bank in Jordan when it opened its first branch bank in Amman in 1934. This bank opened a second branch bank in Irbid in 1943. Then the British Middle East Bank [began doing business in Jordan] in 1949.

After that commercial banks started opening up in the country, and by the end of 1980 there were 16 such banks. Of these banks, eight are Jordanian, three are Arab [non-Jordanian], and five are foreign. In addition to these banks, there are two investment banks and five specialized credit institutions.

### A. Deposits

Commercial bank deposits underwent a great increase between 1976 and 1980 (see Table 2). During this period total deposits increased from 227 million dinars to 808 million dinars (about four-fold). Most of the increase was accounted for by time deposits, which increased from 58 million dinars to 390 million dinars. Private sector deposits made by non-residents increased with the liberalization of laws concerning the foreign sector. These deposits increased from 18 million dinars in 1976 to 133 million dinars in 1980.

Furthermore, Table 2 shows us an increase in the proportion of public sector deposits. They increased from 18 million dinars in 1976 to 94 million dinars in 1980, that is, an increase from 7.9 percent to 11.6 percent [of all deposits] during this period.

### B. Credit Loans

During the period 1976-80 credit loans tripled, increasing from 184 million dinars to 564 million dinars (see Table 3). These credit loans, as of 1980, were distributed as follows: 3 percent to agriculture, 13 percent to industry and mining, 32 percent to construction, and 52 percent to trade and services.

## 3. Specialized Credit Institutions

The Agricultural Credit Corporation, which was established in 1959, was the first of these credit institutions. The establishment of the other specialized credit institutions then followed, and now there are five such institutions. They are the Agricultural Credit Corporation, Industrial Development Bank, Municipalities and Village Loan Fund, Jordan Cooperative Organization, and Housing Bank. These institutions are government institutions, with the exception of the Housing Bank which was established as a public cooperation and the Industrial Development Bank whose shares are owned by both the public and private sectors.

The specialized credit institutions grant loans at easy terms to the sectors of agriculture, industry, tourism, small tradesmen, municipalities, and village

councils. The purpose of this is to stimulate and develop these sectors. These institutions rely on their [own] capital and on domestic and foreign loans, with the exception of the Housing Bank which, to a large extent, relies on deposits as a source of financing.

#### 4. Other Savings and Investment Institutions

The Postal Savings Fund was the first of these institutions to be established. It began functioning in September 1974. The purpose of this institution is to accumulate and attract small-volume savings. By the end of 1979 this institution had 98 branches throughout Jordan.

The year 1976 saw the establishment of the Jordanian Retirement Fund which assumes the obligations taken on by the government in accordance with the regulations of the civil and military retirement laws. Recently this fund has been playing the role of an investment holding company. Furthermore, it concentrates its investments in developmental projects which are embraced by Jordan's [5-year] development plans.

Total investments by the fund in 1979 were about 25 million dinars. Of this total, 15 million dinars were invested in shares of public corporations and 5 million dinars were invested in government bonds. One of the most important developments in the realm of retirement savings and investment institutions was the establishment of the Social Insurance Organization which began functioning in 1980. This institution will provide retirement revenues and insure workers and employees working in the private sector by means of deducting a percentage of their salaries, which will be added to another percentage [of retirement and insurance payments] which will be paid in by their employers.

During the last 2 years two more financial institutions were established in Jordan. They are the Arab Finance Corporation (Jordan) and the Jordanian Securities Company. Shares in both of these corporations are owned by Jordanians, [non-Jordanian] Arabs, and foreigners. The two institutions are entitled to accept deposits and grant loans in local currency for periods of time which are not less than 6 months. However, their transactions which deal with foreign currencies are not subject to such restrictions. Furthermore, these two corporations are entitled to perform brokerage functions in the Amman financial market, especially the underwriting of stock and bond issues and participating in the process of consolidated loans. There is also the Savings and Loan Fund (RIFCO), which has the objective of accumulating savings, investing them, especially in the area of real estate, and granting loans for the purpose of purchasing durable consumer goods. Other financial institutions operating in the Jordanian financial market are money exchange bureaus, bank representation offices, and brokerage offices in Amman's financial market.

#### III. Future of the Monetary and Banking Situation

Jordan's experience is considered to be a pioneering model for the developing countries because Jordan has depended on its own human and financial resources and its own experience in the development of its local market, and only subsequently did its institutions open up their doors to attract investment from abroad.

Monetary and financial legislation in Jordan has been characterized by great flexibility as well as great ability to adapt to needs and demands. Laws concerning foreign currency have undergone many modifications in the direction of providing freedom for foreign currencies. Today there are no restrictions on bringing in or taking out foreign currency. The only existing restriction concerns taking Jordanian capital out of the country.

The modification of the laws dealing with companies and income tax have also constituted a major step in the direction of encouraging and regulating the establishment of companies in Jordan. This is particularly true in view of the existence of the Investment Stimulation Law which is considered to be one of the laws in the Arab world which goes the farthest in the direction of encouraging the entry of both Arab [non-Jordanian] and foreign capital and dealing with such capital on a basis of equality with domestic capital. In addition to this, the law guarantees the rights of the investor and provides for various assured services and tax breaks.

These developments in both the monetary and financial fields have opened up Jordan's doors--with all the accompanying results and challenges of such an open-door policy, particularly under present monetary and financial circumstances which, on the international level, are constantly changing and are exceedingly complicated.

Table 1. Money Supply and Liquidity (in million of Jordanian dinars)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Money in circulation	161	188	219	275	352
Demand deposits	114	140	150	182	225
Money supply <sup>1</sup>	275	328	369	457	577
Near-money	99	135	227	298	386
Local liquidity <sup>2</sup>	374	463	596	755	963
Government deposits	17	21	24	46	64
Total liquidity <sup>3</sup>	391	484	620	801	1,027

<sup>1</sup> Money in circulation + demand deposits.

<sup>2</sup> Money supply + near-money.

<sup>3</sup> 1 + 2 + government and semi-government deposits.

---

Source: International Financial Statistics - April 1981.

---

Table 2. Development of Deposits in Commercial Banks  
(in millions of Jordanian dinars)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>Deposits - broken down according to main types</u>					
Current deposits	123	147	172	213	288
Time deposits	58	84	191	271	391
Savings deposits	46	53	85	109	129
Total deposits	227	284	448	593	808
<u>Deposits - broken down according to depositors</u>					
Public sector	18	21	36	61	94
Private sector	209	263	412	532	714
(Residents)	(191)	(246)	(375)	(465)	(581)
(Non-residents)	(17)	(17)	(47)	(67)	(133)

Table 3. Distribution of Commercial Banks' Credit Loans  
(in millions of Jordanian dinars)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Agriculture	5	8	13	17	17
Industry and mining	22	27	38	60	73
Construction	31	34	100	151	181
Commerce and services	126	132	181	236	293
Total credit loans	184	201	332	464	564
Ratio of credit loans to deposits	(81%)	(71%)	(74%)	(78%)	(70%)

Table 4. Current Loans by Specialized Credit Institutions  
(in millions of Jordanian dinars)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
1. Cities and Villages Development Bank	8	9	11	12	14
2. Industrial Development Bank	8	11	13	16	18
3. Housing Corporation	2	3	2	2	2
4. Agricultural Credit Corporation	10	10	12	13	14
5. Jordan Cooperative Organization	3	4	5	7	10
6. Housing Bank	23	43	61	81	103
Total	54	80	104	131	161

Table 5. Banks Operating in Jordan and the Date They Began to Do Business

<u>Jordanian banks</u>	
1. Arab Bank, Ltd.	1934
2. Jordanian National Bank	1956
3. Jordanian Bank, Ltd	1960
4. Kuwaiti Jordanian Bank	1977
5. Jordan Gulf Bank	1978
6. Petra Bank	1978
7. Syrian Jordanian Bank	1980
<u>Arab [non-Jordanian] banks</u>	
1. Arab Real Estate Bank	1951
2. Mesopotamia Bank	1957
3. Mashriq Bank	1971
<u>Specialized credit institutions</u>	
1. Agricultural Credit Corporation	1959
2. Industrial Development Bank	1965
3. Municipalities and Villages Loan Fund	1966
4. Jordan Cooperative Organization	1968
5. Housing Bank	1974
<u>Investment banks</u>	
1. British Middle East Bank	1949
2. (Kridliz) Bank	1969
3. Citibank	1974
4. International Credit and Trade Bank	1975
5. Chase Manhattan Bank	1976

Sources in Arabic

"The Role of Amman as a Financial and Banking Market in the Arab East," by Dr Muhammad Sa'id al-Nablusi, lecture given at the Regional Financial Conference held in Beirut 8-10 May 1980.

"The Financial and Banking System in Jordan," published by the Office of Research and Studies in the Central Bank of Jordan, 1979.

"Banking Institutions in Jordan," by Dr Ahmad al-Hawrani, the Central Bank of Jordan, 1978.

Sources in English

"The Financial System in Jordan," by Marwan Hayek and Sami Zreikat, Royal Scientific Society, 1976.

"Jordanian Dinar--Economic Background Report," Middle East Currency Reports, Vol 6, August, 1980, No 3.

9468  
CSO: 4404/28

JORDAN

BRIEFS

COMMITTEE FORMS NEW DEPARTMENT--AR-RA'Y has learned that the Jordanian-Palestinian Joint Committee decided at its last meeting, which was held in Amman recently, to establish a new department: the Department for Individual and Society Care in the Occupied West Bank. The joint committee has also decided to pay the salaries of those government employees who were appointed after 1967 and the committee will be making the necessary arrangements. These employees were not previously receiving salaries from the Jordanian Government. This step comes to bolster the steadfastness of the kinfolk in the occupied territory. The committee has decided to provide \$5 million for this purpose. [Text] [JN261115 Amman AR'RA'Y in Arabic 26 Jan 82 p 1]

CSO: 4404/232

BUREAUCRATIC SHAKEUP PREDICTED

London 8 DAYS in English No 2, 16 Jan 82 p 3

[Text] This year will probably see a shake-up of Libya's agriculture and bureaucracy. Both farmers and civil servants came under attack in the latest session of the General People's Congress, the Libyan legislature that meets each January to plan the year ahead. New legislation affecting both groups was hinted at, but it was left to Libyan leader Moammar Qaddafi in his key-note address at the end of the congress to explain why.

Farm owners are the one group so far unaffected by Libya's sweeping nationalisation, but the writing is clearly on the wall for them. Castigating them as a 'class' in what must be a classless society, he then accused them of the gravest sin of all in Libya--exploitation. For the bureaucrats, the language was not as harsh, but there is obviously considerable irritation in leading circles with administrative inefficiency.

At the root of the expected shake-up of the bureaucracy is the Green Book notion of self administration. According to the theory, there should be no need for bureaucrats, at least not in such large numbers. Institutions such as schools and universities should be run by those involved.

Much of Qaddafi's closing speech dwelt with the problem of Israel and the support it gets from the US, and was as much motivated by the annexation of the Golan as it was by Libya's own cold war with Washington. Libya could never recognise Israel, Qaddafi said, 1967 boundaries or any other. Only Sephardic Jews had a right to live in the Arab world, Qaddafi said, the rest--meaning the Ashkenazim--must get out. There can be no compromising on the question of Palestine.

As for unity with Syria, the Libyan leaders remarked that President Assad had no objections to merging the Syrian cabinet with Libya's General People's Committee or any of the other mergers the People's Congress had voted for.

As expected, there was satisfaction at events in Sudan, but the most surprising statement was Qaddafi's claim that Ghana's new leader, Flight Lieutenant Jerry Rawlings, is a disciple of the Libyan political system. Rawlings, who carried out his second coup d'etat on 31 December, is known to be a friend of Qaddafi's but he has never until now been revealed as a member of a Libyan external revolutionary committee.

CSO: 4500/95

LIBYA

BRIEFS

DESERT WELLS PLANNED--Libya has signed a contract with an unnamed foreign company to drill 270 wells in the Libyan desert between Sirte and Benghazi, according to JANA, the official Libyan news agency. The project aims to produce 600 million cubic metres of water a year, of which 400 million cubic metres will be used for irrigation and 200 million cubic metres to cover the needs of projects in the central region of the country. The scheme, which is due to be completed in mid-1984, provides for the installation of pipes to gather the water from the wells in each field. Each network will terminate in an 18-kilometre pipeline leading to a reservoir. The Libyan news agency gave no indication of the value of the contract. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 2, 11 Jan 82 p 10]

DEVELOPMENT IN SABHA--As well as being the centre of the region, Sebha is being developed with industry to provide employment for the future. Industries already established include flour milling, food and soft drinks manufacture, in accordance with the Jamahiriya's policy of establishing light industry first, as a basis on which heavy industry can later be built. In the future, Sebha will be an important centre, not only for agriculture, but for mineral mining. The Sahara is rich in potash and iron ore deposits, which will eventually be exploited. A railway is planned which will run from Sebha to Misrata on the coast. It will carry iron ore from the Wadi Shatti area to the steelworks under construction at Misrata. The line will also have a link to Tripoli, and a British consultancy firm is already drawing up plans. The line is planned to open in 1985. Sebha's main roads plan has been modified to cope with the now envisaged expansion in development, particularly in the north-east of the city where the new railway terminal will be. Meanwhile, a Taiwanese firm has been awarded contracts for a shoe factory and a wire products factory, and the Scandinavian consulting firm, Finlandia, is revising the development plan, drawing up detailed plans for the further enlargement of the city. The former village in the Sahara will be one of the major industrial and agricultural centres of Africa by the end of this century. [Except] [London JAMAHIRIYA REVIEW in English No 19, Dec 81 pp 16-17]

CSO: 4500/95

PEOPLES DEMOCRATIC REPUBLIC OF YEMEN

LEADER APPRECIATES USSR STANCE ON UN VOTE

LD242114 Aden Domestic Service in Arabic 1630 GMT 24 Jan 82

[Text] Brother 'Ali Nasir Muhammad, secretary general of the YSP Central Committee, chairman of the Presidium of the Supreme People's Council and chairman of the Council of Ministers, received at his office in the Central Committee Secretariat yesterday evening Comrade Feliks Fedotov, Soviet ambassador in Aden.

During the meeting, held in an atmosphere of cordiality, there was a discussion of several issues relating to the development of relations between the two friendly countries on the basis of the treaty of friendship and cooperation concluded between them. Views were also exchanged on developments in the Arab and international situation in the light of recent political changes in the Middle East as seen in the Israeli annexation of the Syrian Golan Heights and the U.S. anti-Arab posture expressed in the use of its veto against the international resolution asking Israel to withdraw from the Golan Heights and imposing comprehensive sanctions against it.

Brother 'Ali Nasir Muhammad expressed his appreciation of the massive Soviet solidarity with our Arab peoples. He asked the Soviet ambassador to convey to the Soviet leadership Democratic Yemen's appreciation for the unshaken and principled stand of the USSR alongside the Arab and other peace-loving countries against Israel's piratical decision to annex the Golan Heights to its racist entity. Other issues of common interest to the two friendly countries were also discussed.

CSO: 4404/232

PEOPLES DEMOCRATIC REPUBLIC OF YEMEN

BRIEFS

AGREEMENT WITH ADN--The ADM director general, (Guenther Boschti), left Aden this morning after a visit of several days during which he held talks with officials of the State Committee for Information and Aden News Agency ANA. A protocol was signed by the two agencies to open wider horizons for the promotion of relations between the two countries and widen cooperation in the area of news and photo exchange as well as in personnel training. [EA250200 Aden Domestic Service in Arabic 1630 GMT 23 Jan 82]

CSO: 4404/232

ROLE OF SABIC IN COUNTRY'S ECONOMIC DEVELOPMENT DESCRIBED

Jiddah 'UKAZ in Arabic 21 Oct 81 p 3

[Article by Muhammad 'Abd al-Wahid: "Establishment and Continuity of SABIC Underline Our Industrial Capabilities; Shaykh al-Zamil: Kingdom's Economy Is Based on Expanding Industrial and Agricultural Base"]

[Text] Dr Ghazi al-Qusaybi, minister of industry and electricity and chairman of the Board of Directors of SABIC [Saudi Arabian Basic Industries Company], says SABIC was established and has survived under the shadow of a ferocious campaign aimed at casting doubts on our ability as a developing country to enter this advanced industrial sphere and to compete with countries that have built firm bases and that have struck their roots deep, whether in terms of experience with production and production management or in terms of controlling marketing channels and outlets.

His excellency the minister said: "When we committed ourselves to the establishment of SABIC, we did not take these doubts lightly or disregard them, despite the varying intentions of those casting the doubts. We started by determining the dimensions of those doubts, thus setting up our basic outfits to train a new generation capable of management and operation."

His excellency has also pointed out that the company was founded at the end of 1396 of the Hegira to take charge of building and managing industries based on the country's hydrocarbon and mineral resources. To a large extent, the company has applied the latest industrialization methods so that its products can be exported to world markets.

The minister added that the start was based on partnership with the capital of international companies experienced in this sphere. This is a principle based on coupling our abundant and stable resources with the technical, managerial and marketing expertise of the companies, on a sharing of risk, on planning and building the industries themselves and on sharing short- and long-term profits. In implementing these steps, SABIC prepared the projects of its industrial program and the components of its plan to train youth theoretically and then give them practical training at the work site to develop the manpower needed for the various stages of operation.

His excellency added that SABIC entered the phase of actual implementation last year when an iron and steel complex was completed and when the steel rolling plant in Jiddah was expanded to meet local market needs.

He said: "We have also begun to build two methanol plants and a fertilizer plant in the city of al-Jubayl. The major part of their production will be exported. The company has also begun building three high-capacity petrochemical plants for the production of (ethylene) and its derivatives. Two of the plants are in al-Jubayl and the third is in Yanbu'."

In conclusion, his excellency said: "I take this opportunity to point out anew the support SABIC has received and continues to receive from all of the state agencies concerned in light of the instructions of his majesty the king and of his highness the crown prince. His excellency also underlined the assistance rendered and the efforts exerted by the members of the SABIC Board of Directors with their diligent work and their obvious loyalty, along with the workers at all levels--a loyalty which I have seen and to which I attest."

Shaykh 'Abd al-'Aziz al-Zamil, deputy chairman and commissioned member of the SABIC Board of Directors, has also said that SABIC has concluded three contracts for the construction of three industrial complexes. In 1980, SABIC concluded a contract for the construction of a plant to produce low-density polyethylene with an annual capacity of 260,000 tons, a second contract for construction of a plant to produce (ethylene) and its derivatives with a capacity of 450,000 tons annually and a third contract for construction of a plant to also produce (ethylene) and its derivatives with an annual capacity of 656 (thousand tons) of ethylene annually.

Shaykh al-Zamil added that he expects the detailed studies for the new projects to be completed in 1982 and 1983. Most of these projects are of the type that complement the initial projects. SABIC has selected industries for the establishment of which there exist relative advantages in our country. As a whole, these industries are characterized by high investment in capital and energy and by economic investment in manpower, which is relatively scarce at present.

It is to be noted that a SABIC report in this regard says that government spending in the Saudi economy is the main element in determining the size, arrangement and direction of growth and the extent of its balance. Examining the distribution of this spending over the past 10 years, we find that in addition to the continued tendency to channel this spending in ever greater amounts toward spreading and developing services and utilities. The state's successive budgets have laid stress on establishing the economic structure and providing the primary requirements of growth, including infrastructure facilities, and then on expanding the industrial and agricultural production bases and on developing and exploiting the available production resources, either by encouraging the private sector's capital or at the initiative of public funds. These two parts constitute the essence of the government's industrial policy, considering that the first part is embodied in providing a complete set of incentives to the national and foreign capital, such as financial backing, aid, tax benefits, the use of government-owned land for nominal fees and customs protection for local products.

In this regard, the government of his majesty the king has committed itself to the establishment of industries that rely on the country's hydrocarbon and mineral resources--industries that require large investments and a complex technology. This is why the government has abided by a comprehensive plan to preserve and utilize the country's resources, especially gas. This is what SABIC is currently doing in cooperation with other bodies, such as the Royal Organization in al-Jubayl and Ya 'bu' and the General Organization for Petroleum and Minerals [PETROMIN].

## REVIEW OF RATIONALE FOR ESTABLISHMENT OF SAUDI STOCK MARKET

Jiddah 'UKAZ in Arabic 13 Oct 81 p 7

[Article by Dr Hamid Hunaydi: "Importance of Establishing Stock Market in Kingdom"]

[Text] The tangible development undergone by Saudi Arabian society in the past 10 years has covered all aspects of economic, financial and social activity. This development has led to a large increase in the volume of transactions, to the development of financial and economic concepts and systems and to the establishment of big investment projects and joint-stock companies in the kingdom. It is to be noted that the first and second 5-year economic development plans were drawn up and implemented during this period. It is also to be noted that the first and second development plans have urged that attention be given to the private sector's role in contributing to the success of the development efforts. The plans have also urged that the private sector assist as necessary to encourage and motivate the private sector to participate in implementing the kingdom's comprehensive development plans. The most important means for such aid are the use of effective financial policies for channeling national savings and investments and the movement of private and governmental financing toward investment in the various industrial, commercial, agricultural and service development projects. Perhaps expedited establishment of an organized stock market in the kingdom represents one of the most important of these policies. A stock market is an important financial institution that can help transform the national Saudi financial market from an unorganized market lacking fundamental controls to protect savings and investments into an organized financial market providing incentives for the adoption of enlightened decisions insofar as the investment and saving processes are concerned. The presence of this market will create the objective bases for controlling this market and guiding it toward supporting the kingdom's development plans.

### Objectives of Saudi Stock Market

The rapid and large-scale development in the nature and volume of Saudi economic activity, the private sector's expanding role in realizing this development through its joint-stock establishments and companies and this sector's reliance on a broad base of investors and its not being confined to a small number of big capitalists, as was the case in the past, underline the need for the establishment of a Saudi financial market and for expediting steps to bring it about.

Establishing a Saudi stock market will complement the group of financial institutions that our prosperous kingdom needs to enhance and facilitate saving and investment operations and to insure that savings and investments are guided in accordance with rules and regulations that can control saving and investment operations. The most important objectives of a Saudi stock market are considered to be the following:

1. Enhance national investment and saving by encouraging investment in securities and by channeling national savings to serve the national economy.
2. Regulate and control the issuance and circulation of securities to insure the safety, facility and speed of such transactions and to guarantee protection for small Saudi savers and investors.
3. Provide statistics (data and information) that create a foundation for many an investment decision and that help realize the above-mentioned goals.
4. Establish an organized Saudi stock market on scientific and objective bases and rules, which will constitute an important means of attracting the foreign capital that could play an effective role in realizing the kingdom's development plans.

#### Saudi Stock Market's Spheres of Activity

To realize the goal for which a stock market is established in the kingdom requires that this market engage in the following activities whose importance to realizing the desired development for the Saudi national economy is evident and which can contribute to speeding up implementation of the kingdom's economic development projects:

1. Carry out conventional stock market activities embodied in constantly providing and publishing data and information on the prices of securities listed on the market.
2. Engage gradually in the duties of an authority organizing the issuance and sale of securities in the kingdom, whether in the phase of initial issuance by companies listed on the market or in the phase of subsequent issues, and supervise the information published about such securities.
3. Organize the Saudi stock market to provide adequate liquidity for both savers and investors because the savers may wish to dispense with or diversify a part of their investments. Without the presence of an organized stock market, it is difficult for savers to sell their securities at reasonable prices and with ease and speed.
4. Establish a Saudi stock market so that existing companies and recently established firms can attract investors' funds because of the confidence they have in the information and data the market publishes on the prices and activities of these companies, considering that the companies operate under the market's supervision and that this enables investors to obtain reliable information on which to base their decision to purchase or sell securities.

5. The Saudi stock market will publish and post current prices and all the available information necessary for making an investment decision. As in the case of the stock markets existing in other countries, the Saudi stock market will provide a proper venue and a time known to all where an accredited agent can announce very openly all the necessary information to all concerned so that they can act in the light of the same qualitative and quantitative information, received simultaneously. This creates confidence among all those dealing with the stock market and leads to the prosperity of trade and industrial companies in the kingdom.

6. Expanding the base of the stock market and increasing the supply of good securities represents a fundamental requirement for developing the Saudi stock market and for encouraging the individual private establishments (as in the case of most of the national banks) to turn into joint-stock companies meeting the conditions and criteria set by the stock market as an authority regulating the exchange of Saudi securities. Perhaps this represents one of the important goals that the kingdom's development plans seek to attain.

7. The presence of a Saudi stock market will lead to the organization and development of various forms of financial middleman services by encouraging the foundation of organized financial middleman establishments, which in turn will boost the exchange of securities through what is known as secondary market operations and boost distribution and coverage operations through so-called primary market operations. Moreover, the financial middleman establishments can play the role of financial adviser for the kingdom's investors and savers.

8. The establishment of a Saudi stock market and this market's performance of the above-mentioned activities will certainly lead to developing and diversifying the means and sources of financing the kingdom's private and public companies and establishments.

9. Establishment of a Saudi stock market and of agencies and organizations that will be attached to it can help develop the national economy and organize the kingdom's financial market through the conduct of studies and research supported by statistics and data on the activities of the firms listed on the market in all the commercial, industrial, agricultural and service spheres. Perhaps this will lead to creating a more suitable investment climate.

10. The Saudi stock market will assist governmental and private agencies concerned with the country's economic, commercial and financial affairs, such as the Ministry of Commerce, the Ministry of Finance, the Currency Organization, the Ministry of Planning and the kingdom's chambers of commerce and industry, to carry out economic, industrial and legal studies and analyses directly affecting the stock market. It will also assist by making recommendations and proposals and formulating the proper and necessary programs to introduce the desired modifications to and developments in the financial market.

#### Study Steps

A complete research team comprised of specialists with scientific and practical experience will be formed to conduct a comprehensive scientific study on the establishment of a stock market in the kingdom, in cooperation with the Saudi Arab

Currency Organization and with the government ministries, agencies and organizations concerned with the matter. This study will be conducted according to the following steps:

1. A concerted analytical study of the kingdom's current financial market, which is characterized by being unorganized and unofficial and which is not founded on scientific bases and is subject to no legal controls. In this phase, a study on and a count of all existing investment establishments in the private and public sectors will be made and all of the real problems and requirements of the existing financial market--problems and requirements that undermine the effective use of the available savings and investments in the Saudi economy--will be underlined.
2. Organizing studies and field visits for some members of the research team in a number of Arab and foreign countries distinguished by the good organization of their stock markets, such as the United States, England, France, Switzerland, Jordan and India. It is to be noted that Jordan and Kuwait are among the Arab countries that have organized stock markets and that they have preceded the Kingdom of Saudi Arabia in this regard even though the volume of the transactions and of the liquidity in the unorganized Saudi market exceeds the similar volume in any other Arab country. This fact underlines the need to establish an official and organized Saudi stock market as soon as possible.
3. Proposing the economic, financial and legal bases and controls that should govern the planned Saudi stock market. The study will also define the goals of the stock market and the spheres in which it will be active, as well as the relevant financial procedures it will follow and the conditions required for membership and registration. The study will also define the principles and the broad lines for laws governing the powers of the Saudi stock market.
4. Proposing the formation of a committee to supervise and manage the Saudi stock market. This committee will be formed of members of pertinent government ministries, organizations and agencies involved in the market's activities and management.
5. Preparing a comprehensive report containing all the results of the study and all the recommendations and proposals reached by the research team in connection with the establishment of a Saudi stock market and explaining how the market's foundation is tied to the requirements and objectives of the third development plan and to the kingdom's subsequent economic plans.

8494

CSO: 4404/141

SAUDI ARABIA

DOMESTIC MARKET CONDITIONS HELP DAMPEN INFLATION, AVOID SUPPLY PROBLEMS

Decline in Domestic Inflation

Riyadh AL-RIYAD in Arabic 8 Nov 81 p 11

[Article by Nasir al-Qar'awi]

[Text] Protecting the local market from external, fabricated and compounded economic crises takes various organizational forms and patterns that seek primarily to protect the citizen from losing his savings and his (revolving) wealth, which may not be able to meet the quantitative rise in various aspects of family financial spending and increasing annual budgets and of the ambitious development plans.

All this is the result of central planning of the various aspects of public spending, whose avenues have been determined and codified to respond to the general development plan and to permit absorption of the highest rates of this (plan's spending) without reaching the international inflation point from which one-third of the countries of the world is suffering despite the very low development rates they have been able to achieve.

There is no doubt that the development codification allowed by the local economy absorption channels is the thin thread that ties the existing and urgent need for development with what can be realized without exposure to the complications of an economic "price hike" such as the one that swept the oil world 7 years ago and caused major setbacks that officials had not expected and that caused a decline in local, and even international, economic rates and indicators. The world market continued to interact with that hike and to boil like a volcano until oil-world economists intervened to obviate its danger and to curb the trend of rising prices exported to these new entities in the economic world.

The economic world is currently undergoing a phase of (local) reassessment that is no more than a collective phenomenon connected with the outside world but whose roots are local. This is a healthy sign or phenomenon that foretells a new development or a new international phase moving toward the right path for dealing with the wounds of the world economy, which is very much like a sick man.

The outcome of the Cancun Conference and the information emerging after its convocation give us the impression and the optimism that this phase--namely, the

phase of announcement of the principle of international cooperation and of working for the world and mankind--will be followed by the phase of actual implementation to which the world, especially the developing world, looks forward even though the industrial world is the one more strongly exposed to a definite danger of which no observer of the steps and course of the world economy is unaware.

The industrial world is taking the first step on the path to reaching the point of "cooperation" and meeting with the developing world. There is no doubt that this is a fruitful development and gain. But what we fear is that this phase is no more than a phase of "sentiments" displayed before the television cameras and screens. If so, then the world will face the danger sooner or later. But if the intentions are true, then there is no doubt that the world will enjoy the realities and fruits of international cooperation.

In the economic sphere, the world has reached a point that can withstand no further deterioration. The struggle of the markets is reflected daily in the world stock markets, which deepen the economic wounds and intensify the fears of an onslaught against small entities that have their role in the distribution of international economic interests and that have planted in the industrial world the seeds of its wish to become more strongly enclosed within itself and not to open its doors to the industrial production of the developing world, which is searching for a foothold in the industrial world not for commercial competition but to create the phase of trade exchange and to enhance the quality of its products. These are the gains that the developing world is demanding at all levels and from all international platforms, but without anybody responding. But the ray of hope may be a temporary phase experienced by the new rivals. However, these rivals are not intruders in the market because they belong to it and are tied to it by more than one product, commodity and machine.

The economic thinking and the codified approach followed in streamlining Saudi governmental spending during the years of the current development plan and some previous years have caused local inflation factors to remain at the lowest point compared with similar oil-producing countries and at a level that, along with the existing development opportunities and the desire to realize the highest rates of growth and prosperity, does not permit this infiltration to dominate and to spread its flames to consume more government and private spending, thus claiming the citizen as its primary victim.

A quick glance at the inflation rates in the past 3 years shows that this rate has declined from its previous level of more than 32 percent to less than 10 percent. This is a good percentage economically when analyzed and compared in light of the natural growth opportunities available to the kingdom after completion of the infrastructures for projects and services--infrastructures that put the biggest burden on government spending.

There is no doubt that central economic studies on the local inflation indicators public-sector needs and on the plan to support the private sector cannot proceed on the same course and at the same pace but can adapt to the arithmetical changes concluded as a result of the local followup studies and reports, along with studies on sudden and normal international developments.

There is a point of which the local economists are probably not unaware, namely, the nature and volume of the local market absorption. In this phase, the market is undergoing a phase that requires discussion of the difficulty it experiences as a result of the lack of liquidity in private hands, meaning the private economic circles and the citizens who are tied to this lack of liquidity both negatively and positively.

This lack of liquidity has causes and indicators that cannot be discussed in this article because they require an analysis and a study we can deal with in the future. What concerns us is that the drop in the liquidity rates may have a direct connection with the economic market where the government is eager to break and dissolve the main components causing the emergence of this crisis. If we take a simple indicator, namely, the volume of liquidity exported to the outside world, the extent of the intensification of this crisis in the preceding 3 years would become quite obvious to us. The consequences of the export of liquidity to the outside world became very obvious in the year 1400-1401 of the Hegira. So why don't we, while we are in the process of curbing inflation, study the issue and make the necessary and well-studied decisions to end this problem. The required decisions are curative decisions whereas the methods for dealing with and controlling inflation are, regrettably, taking the form of precautionary measures.

#### Stability of Local Market

Riyadh AL-RIYAD in Arabic 8 Nov 81 p 11

[Article by 'Ali Khalid al-Ghamidi]

[Text] The director general of the branch office of the Ministry of Commerce in Jiddah has pointed out that what is being said about commercial recession in our markets, whether because of the rise in the real estate stock market or because of the international crises around us, is not true.

'Abdallah al-Husayni has asserted that commercial activity in the kingdom has risen much higher than before, to the point where our markets have become a serious competitor to the foreign markets as a result of the very reasonable prices offered in these markets. He has also said that the stability being experienced by our markets has encouraged many citizens to enter the world of trade.

#### From 6,000 to 32,000 Merchants

Al-Husayni has said further that the number of Jiddah merchants has risen in the past 5 years from 6,000 to 32,000 by the end of 1401 of the Hegira. This is enough to spotlight the success of commercial activity in the kingdom, which receives full support and encouragement from the state, material and moral. This big jump in the number of merchants has been reflected in the needed supplies of food supplies and luxury commodities for the public. This despite the comprehensive renaissance being witnessed by our country, which has brought in hundreds of thousands of foreign workers.

At a time when prices were expected to rise due to increasing demand, state support and encouragement have come to help provide everything in the markets at very reasonable prices.

### This Is Reason for Eliminating Crises

Al-Husayni has further asserted that the kingdom has not, God be thanked, experienced in recent years a crisis in any kind of food supplies or even in luxury goods, even though such crises are widespread around us and exist even in the countries from which we import. The state has succeeded in eliminating such crises and in realizing full stability in our markets and in our imports from the world markets, thanks to the continuous and ceaseless subsidies it has offered so that every consumer can get what he needs and requires easily and smoothly. This is what is happening at present.

### There Is No Commercial Recessation

The director general of the Ministry of Commerce branch office has further stated that there is no commercial recession in our markets. Had there been such a recession, tens of citizens would not have applied to be registered in new trades. This confirms the continuing commercial renaissance in the kingdom, which exerts efforts to realize economic and commercial stability and to provide comfortable living conditions to all citizens and residents. But some citizens seeking a quick profit, despite their ignorance of commercial affairs and their lack of patience and flexibility, have entered the commercial market and have, as a result, faced some hardships and problems.

### Abolition of Free Market

Al-Husayni pointed out that the so-called free market, or the Syrian market, which had committed commercial violations conflicting with the commercial regulations in force, has been abolished. This step was taken to spare the consumer any errors to which he might be exposed.

The director of the Ministry of Commerce branch office added that His Highness Prince Majid ibn 'Abd al-'Aziz, ruler of the venerable Mecca Province, always devotes his attention to and issues his instructions on the need to realize further price stability and to supply consumers' needs and works to facilitate such efforts.

8494  
CSO: 4404/141

RECENT UNREST ANALYSED

London 8 DAYS in English No 2, 16 Jan 82 p 18-19

[Article by John Dimsdale]

**[Text]** THE COMING year could prove disastrous for President Jaafar Numeiri of Sudan, if recent events are any guide. Striking students, burning market places and IMF-enforced price rises both caught the headlines and indicated a more fundamental crisis in the country.

Since the 1972 Addis Ababa agreement brought the long civil war to an end, the South has been a semi-autonomous region, and very largely self-governing. But Numeiri's move last October, when he dissolved the Peoples' Assembly, has raised fresh doubts about what he is trying to do. The suspicion that he wants to turn the clock back and reassert northern domination of the South reached flashpoint with the year-end arrest of 21 leading southern politicians.

The arrested men were taken into custody while voting for the new assembly was in progress. The arrests were made in Juba and Khartoum following the publication of a letter to President Numeiri and a manifesto, in which the politicians announced the formation of a committee to resist moves to subdivide the region into three smaller units.

Those arrested included Clement Mboro, Dr David Bassiouni and Dr Gama Hassan, who all held office in the previously dissolved southern government. Other leading politicians now under arrest include Samuel Aru Bol, Joseph Oduho, Angelo Bedo, Ambrose Riny, Ezbon Mundiri and Samuel Abu John.

It was Mboro who, in a letter dated 22 December, told Numeiri about the establishment of the Council for the Unity of the

South. The arrests follow the dismissal of another prominent southern politician, Lawrence Wol Wol, from his post as regional minister of planning and finance a few days earlier.

Mboro's letter to the Sudanese leader claimed that any division of the South was contrary to the Addis agreement in both the spirit and the letter, contrary to the nation's constitution and unacceptable to southerners. Numeiri reacted by saying that the southern committee's formation was tantamount to the establishment of a political party, and was therefore illegal under the 1973 constitution.

While the southern region has long been self-governing, it was only in 1980 that Numeiri's Socialist Union decided that the North should also assume a federal structure. Five northern regions have been established, with their federal capital at Khar-

—n. Compared to the North, the South is much larger: suggestions that it be divided into three provinces (broadly along pre-1972 lines) have actually been supported by a minority of southerners, including the veteran politician, General Joseph Lagu. These elements feel that this would end the domination of the South by the largest single tribe, the Dinkas.

There is little doubt that Numeiri's plans for the South are both within the law and the constitution. Under the terms of the 1972 Southern Province Act, the South cannot be redivided without the approval of three quarters of the People's Assembly, and also two thirds of the southern electorate in a special referendum. What is in doubt is whether the southerners will be able to express their wishes in a democratic

manner when many of their leaders are effectively under arrest by northern agents.

However, the southern issue will now probably be shelved whilst Khartoum copes with the outbreak of lawlessness in the capital itself.

Two days before Christmas, riot police were sent into Khartoum university to arrest some students who were occupying the vice-chancellor's office, lecture rooms and laboratories. The students were protesting at the administration's refusal to issue travel warrants for free vacation transport to their home towns.

Besides those arrested, a number of students were suspended by the university authorities, who decided to refuse them permission to sit next April's examinations.

A few days later, on 5 January, all schools in the Khartoum area were closed down indefinitely, following much more general violence. This time primary, intermediate and high school students in the three towns of Khartoum, Khartoum North and Omdurman were all sent home — after protesting against a spectacular 62 per cent sugar price rise.

Angry students went on the rampage, stoning cars, petrol stations and innocent passersby. A fire that destroyed 120 shops was said to be student arson by the Khartoum fire brigade's commander.

Banners and slogans describing food price rises as 'starvation measures' are now common in both Khartoum and provincial centres. On 1 January, sugar prices rose from 16 to 26 piastres a pound, as part of the 18-point measures announced by Numeiri last November. Other measures requested by the IMF were the immediate

devaluation of the Sudanese pound by 12½ per cent and the removal of government subsidies on petroleum products.

Whilst there were some objections to the increased petrol price, it was still availability rather than cost that annoyed consumers. But sugar consumption in Sudan's cities is high and, while officials argued that it was better for sugar to be available even if the price was high, the increase was bound to cause anger. Subsidies on other foods, including wheat, are now to be gradually phased out — and will certainly lead to more public resentment.

It was, of course, by agreeing to the IMF requirements on devaluation and food subsidies that the hard-pressed Sudanese treasury recently won a \$200m standby loan. Since the Sudanese accepted the IMF's measures, other help followed, with 100 commercial banks meeting in London at year-end agreeing to Sudanese Finance Minister Ibrahim Munim Mansour's request for a rescheduling of commercial debt and interest repayments of some \$500m.

Thus, although Sudan has bought itself financial breathing space, the southern political impasse and the dangerous situation in the capital is causing serious concern. The food-price rioting must inevitably recall to mind the food riots in Cairo five years ago, over very similar policies. They were, be it noted, policies which the then Egyptian government found impossible to enforce.

CSO: 4500/95

END

**END OF  
FICHE**

**DATE FILMED**

Feb 9, 1982